Daily Report

Central Eurasia

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Daily Report
Central Eurasia

FBIS-SOV-94-201 *18 October 1994*

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NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable. Some will also indicate whether the item has been translated from the vernacular or transcribed from English.

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Baltic Agriculture Ministers Agree on Treaty

LD1310170494 Riga Radio Riga Network in Latvian 1600 GMT 13 Oct 94

[FBIS Translated Text] A meeting was held yesterday [place not given] between Estonian Minister of Agriculture Jaan Leestar, Lithuanian Minister of Agriculture Rimantas Karazija, and Latvian Minister of Agriculture Arijs Udris. The ministers agreed on (?an open-ended) cooperation treaty, and worked out (?a smaller) agreement on free trade in agricultural produce, with the aim of abolishing import duties on certain agricultural produce between each country. Inguna Gulbe, director of the department of export promotion and foreign relations at the Ministry of Agriculture, said that the agreement will not in practice affect the Latvian agricultural produce market, because the quotas imposed are very small. The agreement is reportedly necessary for the Baltic countries so they can get experience in the field of free trade.

ITAR-TASS Carries Press Review for 18 Oct

LD1810094694 Moscow ITAR-TASS in English 0659 GMT 18 Oct 94

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow October 18 TASS—The Moscow- based Russian press on Tuesday [18 October] highlights the current official visit by Elizabeth II, the queen of the United Kingdom.

ROSSIYSKAYA GAZETA on the British queen's visit: "The queen's current visit has put a monarchical seal on the irreversibility of democratic reforms in Russia and on its principled and consistent renunciation of the totalitarian past...

"The queen had been invited to visit Russia by Soviet President Mikhail Gorbachev but at that time such a visit was opposed by the 'iron lady' Mme Thatcher. The president of Russia first met the queen in November 1992 after John Major and Boris Yeltsin had signed the "partnership in the 1990s" declaration. [no closing quotes as received]

KRASNAYA ZVEZDA (Red Star) on Russia-Britain relationships: "There were different periods in more than four centuries of relations between two great European powers—Russia and Britain.

"There were periods of 'cordial agreement' and dramatic confrontation, at times going to the lengths of a direct military intervention, joint endeavours to unravel the mysteries of the universe and space research, mutual accusations of expansionism and neocolonialism, a heightened interest in each other's cultures, and striving for mutually beneficial trade."

TRUD on the uniqueness of the queen's visit: "The British queen's visit is truly a unique event. The British monarch did not visit Russia ever before.

"The queen is said to have wanted for long to visit Russia. But only several years ago such a visit was inconceivable—Elizabeth II would not accept an invitation to visit the country, the leaders of which exterminated the Romanov family connected with the British throne with ties of relationship.

"Although history cannot be rewritten, one must think about the future. As Elizabeth II herself has put it, we now stand on the threshold of a new era, that of discoveries and transformations".

ROSSIYSKIYE VESTI on the 220th anniversary of Ossetia's joining Russia.

The newspaper carries an interview with President Galazov of the republic of North Ossetia, who believes that "the processes taking place in the North Caucasus have been called forth by many reasons, including the lack of a competent nationalities policy in Russia".

Galazov's opinion is that steps that are taken by Russia are not always well-considered. They do not contribute to removing tension and quite often broaden the gap of alienation between peoples.

"Our stand is as follows: in order to avert bloodshed, it is essential to remove the territorial rehabilitation issue from the agenda once and for all.

"The question of recarving borders in the Caucasus should not be raised now altogether, for transfers of territories may lead to a new tragedy not only in the region but throughout southern Russia as well," Galazov emphasised.

NEZAVISIMAYA GAZETA on last week's Russian currency market upheavals: "Whoever was the mastermind of the 'Black Tuesday', he, apparently, wittingly or unwittingly set the beginning of a regular phase of struggle between the executive and legislative branches of power.

"The revocation (only a verbal one so far) of the presidential proposal from the State Duma for the resignation of Central Bank Chief Mr. Gerashchenko looks none other than a statement that to dismiss and, consequently, possibly, appoint a Central Bank chief is not the State Duma's concern".

KRASNAYA ZVEZDA (Red Star) on U.S. Fleet commander's viewpoint on the Black Sea Fleet issue. Vice-Admiral Joseph Pruer, commander of the U.S. Sixth Fleet, visited Novorossiysk at the beginning of this month. When asked by the newspaper's correspondent about his point of view on a settlement of the Black Sea Fleet issue, said: "This is a political issue and it is, besides, beyond my competence. But I think a favourable outcome of efforts to resolve such a complex problem is possible if the two side, like friends, discuss it at the negotiating table in the spirit of mutual understanding".

IZVESTIYA on the latest developments in Azerbaijan. In a dispatch from Baku, the newspaper points out that former Prime Minister of Azerbaijan Suret Guseynov is on the run contrary to his promise not to leave Baku and personally to gain a good understanding of the goings-on. This was officially announced at a special meeting of the

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National Assembly who, by 37 votes with three abstentions, stripped Guseynov of parliamentary immunity.

In point of fact, the parliament almost with one accord upheld the republican prosecutor's office application for the institution of criminal proceedings against the former premier and for his arrest. However, this will not be easy for law enforcement agencies to do, since it turned out that Huseynov has been in hiding since October 10.

All newspapers report a blast in the editorial office of the MOSKOVSKIY KOMSOMOLETS newspaper. The blast killed journalist Dmitriy Kholodov.

NEZAVISIMAYA GAZETA writes that the killed journalist was known for a series of articles about corruption in the Western Group of Troops (WGT). It is known that his report on financial violations in the WGT was to be heard by the State Duma in the coming days.

PRAVDA states that it is inappropriate, while standing near the body of the fellow journalist, who was killed in line of duty, to endeavour to find out who is more to blame and for what. But culprits do exist, and it is impossible to treat this tragedy as an ordinary occurrence mentioned in the crime column.

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Kozyrev Addresses UN on Iraqi Situation

LD1710165494 Moscow INTERFAX in English 1522 GMT 17 Oct 94

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] Russia's Foreign Minister Andrey Kozyrev believes that the U.N. security Council engages in double- standards practices. "The U.N. is fairly often biased in matters of imposing or lifting sanctions," he told the U.N. Security Council [UNSC] in New York on Monday. Theses of Kozyrev's speech, to be delivered at 18:00, Moscow time, have been transmitted by our special correspondent who is accompanying Kozyrev in the U.S.

In some cases, said Kozyrev, sanctions are lifted in advance without the implementation of the resolutions, while in others, the softening of sanctions is unfairly delayed. Various trial and initial periods are established, and complicated mechanisms of control created which are difficult to implement.

He emphasized that the double-standards practices damage the prestige of the Security Council and the U.N. in general.

Kozyrev noted that the decision to apply sanctions is not a way of punishing whole nations, but the world community's response to the actions of the offender-states. Sanctions must be applied in the first place against the leading elites and cause the minimal suffering of the population. In other words, they must have a rigid humanitarian limit, he said. It is also clear that the side effects of the sanctions for third countries must be calculated, Kozyrev believes.

In his opinion, the U.N. Security Council peacekeeping practice needs to be adjusted. If the implementation of all the criteria is demanded, years and even decades will pass before conflicts are settled in accordance with them, he said. He gave to understand that he was hinting at the Security Council's cool response to the peacekeeping missions in Tajikistan and the zone of the Georgian- Abkhazian conflict. He proposed that all of these questions be discussed at the Security Council's summit meeting in January 1995. "This might be a meeting involving the foreign ministers, if our leaders give us such instructions," he said.

Speaking about the Iraqi problem, Kozyrev said that the Security Council's firm resistance to Iraq's irresponsible moves, and the deteriorating economic and humanitarian situation in Iraq, have made the Iraqi leaders act realistically.

All this helped Russia persuade Iraq to remove the troops involved in the maneuvers, from the border with Kuwait, and promote the post-crisis settlement of the situation in the Gulf zone.

He said that some of his Russian colleagues had given an inadequate and distorted assessment to his mission in the Gulf zone. Some have even alleged that a deal was made with Iraq. In fact, we have stated the well-known formula: if Iraq implements the Security Council's resolutions, the sanctions will be lifted, said Kozyrev.

He proposed switching on within a month the mechanism of long- term control over the implementation by Baghdad of the Security Council's disarmament demands, if Iraq officially recognized Kuwait's sovereignty and borders. He also suggested that six months after the beginning of the trial period, the oil embargo be lifted from Iraq in accordance with Paragraph 22 of the Security Council's Resolution 687, if Iraq conscientiously cooperates with the U.N.

Given this, the Security Council should consider the possibility of softening or lifting all other sanctions, said Kozyrev.

Kozyrev Meets Warren Christopher in New York

LD1710161694 Moscow ITAR-TASS in English 1544 GMT 17 Oct 94

[By ITAR-TASS correspondent]

[FBIS Transcribed Text] New York October 17 TASS—Russian Foreign Minister Andrey Kozyrev met with U.S. Secretary of State Warren Christopher in New York on Monday. The meeting was held in closed-doors.

The two sides discussed a wide array of problems of mutual understanding, Russian diplomatic sources told ITAR-TASS.

Kozyrev, Butrus-Ghali Discuss Iraq, Bosnia

LD1810060994 Moscow ITAR-TASS in English 0523 GMT 18 Oct 94

[By ITAR-TASS correspondent Boris Sitnikov]

[FBIS Transcribed Text] United Nations October 18 TASS—U.N. Secretary-General Butrus Butrus-Ghali had a meeting with Russian Foreign Minister Andrey Kozyrev on Monday night. Kozyrev had arrived at the U.N. headquarters with a report on the results of his mission in the Gulf area.

The U.N. chief and Kozyrev discussed the situation related to Iraq, the state of affairs in Bosnia-Herzegovina, Tajikistan, and Butrus-Ghali's forthcoming visit to the Transcaucasus.

Touching upon the situation concerning Iraq, the U.N. chief and the Russian minister agreed on the necessity for Baghdad to recognise the Iraqi-Kuwaiti border.

During the discussion of the Bosnia situation, the U.N. secretary-general informed the Russian minister of consultations, held at the U.N. headquarters on Monday with a delegation led by the NATO secretary-general's assistant, about a procedure for NATO air support to the U.N. Protection Force in the former Yugoslavia. It was noted

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that the NATO delegation returns to Brussels to report the results of the talks to the NATO Council.

U.N.-NATO consultations on this issue are to be continued. Until then, the mandate for NATO air strikes in Bosnia remains unchanged.

The confidential meeting between Butrus-Ghali and Andrey Kozyrev continued for about one hour, after which assistants to the U.N. chief and members of the Russian delegation joined them.

Kozyrev Proposes Lifting Iraqi Oil Embargo

LD1710163294 Moscow INTERFAX in English 1356 GMT 17 Oct 94

[FBIS Transcribed Text] Russian Foreign Minister Andrey Kozyrev proposed that a mechanism for long-term control over Baghdad's observance of the UN Security Council's disarmament demands be started within a month, if Iraq officially recognizes the sovereignty and borders of Kuwait.

Kozyrev made this statement at the UN Security Council in New York on Monday, where he arrived after his blitz trip to Baghdad and other Gulf states.

He also proposed that six months after the beginning of the trial period, the oil embargo be lifted from Iraq in accordance with Paragraph 22 of the Security Council's Resolution 687, on the condition that Iraq conscientiously cooperates with the UN. "Subsequently, upon the implementation by Iraq of all corresponding resolutions, the Security Council is to consider the possibility of softening or lifting the rest of the sanctions," said Kozyrev.

He believes that the UN resorts to double-standards at times. In some cases, sanctions are lifted in advance without the implementation of the resolutions, while in others, the softening of the sanctions is unfairly delayed, said Kozyrev. Various trial and initial periods are established, and complicated mechanisms of control are drawn up which are difficult to implement.

He emphasized that double-standards damages the prestige of the Security Council and the UN in general.

In his opinion, the UN Security Council's peacekeeping activities needs adjustment. If the implementation of all criteria is demanded, years and even decades will pass before conflicts are settled in accordance with them, he said. He gave to understand that he was hinting at the Security Council's cool response to the peacekeeping missions in Tajikistan and the zone of the Georgian- Abkhazian conflict.

He proposed that all of these questions be discussed at the Security Council's summit meeting in January 1995. "This could be a meeting involving the foreign ministers, if our leaders give us such instructions," he said.

Kozyrev on Role in Preventing Gulf War

LD1710215394 Moscow ITAR-TASS World Service in Russian 0947 GMT 17 Oct 94

[By ITAR-TASS correspondents Aleksey Agureyev and Dmitriy Gorokhov]

[FBIS Translated Text] New York, 17 Oct—The Russian foreign minister's trip to the Persian Gulf region in a tight schedule at the end of last week was very carefully prepared.

"Confidential but fundamental" was how Andrey Kozyrev described the preparations for the mission, the itinerary and schedule of which were not announced beforehand. He was speaking to Russian journalists on Sunday aboard the aircraft Rossiya.

In Andrey Kozyrev's opinion, there was in fact nothing unexpected in Iraq's conduct of the military maneuvers that caused such an aggravation of the situation. "Both Russia and the West had information about this," he pointed out. "This was not unexpected, but there was indeed an element of 'theatrical dramatization,' and this was on the part of the countries that knew beforehand that preparations were being made for the maneuvers.

"On the other hand, taking into account the unpredictability of Iraq's actions in the past, it should be said that there was a crisis," the minister said, noting however, that "there was enough information testifying that the maneuvers were not preparations for war."

What was Iraq trying to achieve with these exercises?

"One of Baghdad's aims," A. Kozyrev believes, "was to try to dramatize the question of sanctions, to remind the world community of itself." However, in the opinion of the head of the Russian diplomatic department, "this is a very ill-considered method."

"Russia was one of the first to say at the highest level that these were unjustified means of achieving the target," he declared. "Immediately, the first day that reports started coming in about military maneuvers, the Russian leadership conveyed via its own embassy in Baghdad recommendations to Iraq to pull back its troops.

"Lest there be any idea that Russia acts as Iraq's protector, Moscow immediately informed Baghdad that if it came to fresh aggression then in that case Russia would be on the side of the victim," the Russian foreign minister told the journalists. "We did not rule out steps, including military ones, in order to protect the victim of aggression."

Therefore, the minister stressed, Saddam Husayn could not have had any hopes of Russia taking his side in the event of war.

Iraq pulled back its troops after "a very strong move by Russia," A. Kozyrev said. Iraq, he continued, is a very difficult partner. Before the minister's trip to Baghdad, Igor Ivanov, first deputy head of the Foreign Ministry, was sent to Baghdad and he worked for 24 hours together with the Iraqi side on a draft joint statement.

"We went, well knowing the positions of the partners on the Security Council," Andrey Kozyrev indicated, pointing out that he had sent messages to the heads of diplomatic departments of other countries and had had conversations with them on the telephone.

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"We behaved as partners should and did not do anything that might be unexpected for our partners," the Russian foreign minister stressed. "And we understand partnership as informing one another and if possible coordinating actions.

"On Saturday morning I spoke on the telephone to French Foreign Minister Alain Juppe and U.S. Secretary of State Warren Christopher," A. Kozyrev announced. "And this is not to mention that there is a continual correspondence between us. We act with complete respect toward our partners and their interests. The only thing we do not agree on is the idea that they can undertake independent actions while others do not have the right to do that.

"There is quite an influential group of people in the United States," the Russian foreign minister explained, "who thought that Russia would become a second-rate power, or at best a regional one, in no way a factor in the world balance. We never gave any grounds for such interpretations. We have never agreed with views that stated that partnership means the leader and the led."

"From the very beginning we spoke of cooperation based on an equality of rights," A. Kozyrev continued. "This entailed our full capacity to conduct independent and active policies in all regions, especially those that we consider important to us. Of all the superpowers, Russia is the closest to the Persian Gulf region, we cannot therefore, leave it behind. We have many interests here and our stance has the complete confidence of the Persian Gulf states, including that of the largest of the them, Saudi Arabia. They are all saying that Russia is playing an irreplaceable role in ensuring stability in this region. Like these countries, we also think that the Security Council should overcome all its differences and place the emphasis on preserving the peace. That is why we voted in favor of the Security Council's resolution."

ITAR-TASS Reports Kozyrev CNN Interview

LD1810084394 Moscow ITAR-TASS in English 0814 GMT 18 Oct 94

[By ITAR-TASS correspondents Igor Borisenko and Dmitriy Gorokhov]

[FBIS Transcribed Text] New York October 18 TASS—"The sanctions against Iraq will be lifted only after it recognises all the U.N. Security Council resolutions that are now in force," Russian Foreign Minister told the CNN TV company. Asked about the recent Iraqi build-up near the border with Kuwait, Kozyrev noted that Saddam Husayn "had different explanations of this". "However, one of them was that he wanted to focus the attention on the sanctions against Iraq," the Russian minister added. "In reply he was told that he was more likely to attract negative attention to this problem".

The CNN anchorman noted that the Iraqi debt to Russia was rather big. Kozyrev replied by saying that "precisely for this reason we are interested in Iraq fulfilling its obligations under the Security Council resolutions". "I resolutely called on the Iraqi leadership to fulfil the demands of the world community," he stressed. "This problem is not an easy one, but we must display firmness and unequivocally show the Iraqi leadership that, if it is suffering from the sanctions, it should fulfil the demands addressed to it."

Asked to comment on Queen Elizabeth II visit to Russia, Kozyrev noted that it was proceeding successfully. "I had a telephone talk a short while ago with British Secretary of State for Foreign and Commonwealth Affairs Douglas Hurd," Kozyrev stated. "We did not have a chance to meet, because he is in Moscow and I am here. However, he spoke about the visit very very positively, if not to say enthusiastically. The visit is proceeding very well. I did not expect anything else from it."

Touching on the agreement achieved in the course of the American- North Korean talks in Geneva, the Russian foreign minister pointed out that its details "will be studied attentively".

Uranium-238 To Be Sold in Iraq Intercepted

LD1710201494 Moscow NTV in Russian 1900 GMT 17 Oct 94

[FBIS Translated Text] Special services detained uranium traders in Moscow today. The results of this action turned out to be sensational: 27 kilos of uranium-238, with the addition of uranium-235, were pulled out of the trunk of a Volvo car belonging to one of those detained. According to unofficial reports, Iraniam businessmen were the buyers of this radioactive metal. They were intending to pay 1.5 million dollars cash for the goods and then resell them to Iraq. Further details are in the Wednesday issue of the SEGODNYA newspaper.

U.S. 'Jealous' of 'Success' With Iraq

MM1710170194 Moscow IZVESTIYA in Russian 18 Oct 94 p 3

[Report by Vladimir Nadein: "Clinton Took an Hour to Regain His Composure After Reading Yeltsin's Letter on Baghdad Accords"]

[FBIS Translated Text] Washington—Boris Yeltsin was clearly in a good mood when he stated during the recent Washington summit that all the differences between him and U.S. President Bill Clinton had been resolved. But not three weeks later there has been an angry exchange of letters between the Kremlin and the White House.

For the second time Russian diplomacy is trying to get in the way of a U.S. victory over Iraq. (Incidentally, the first attempt was made by what was then Soviet diplomacy). And for the second time this has resulted if not in anger then in very considerable irritation in Washington.

But if the U.S. reaction is the same, the results of the attempts have been different. In 1990-1991 Ye. Primakov, M. Gorbachev's envoy, obtained nothing from Saddam Husayn other than general assurances. This time A.

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Kozyrev has managed to obtain an important practical result—Iraq's consent to recognize Kuwaiti sovereignty. In exchange Kozyrev promised to help in the gradual lifting of economic sanctions against Iraq.

President Clinton, having just learned of A. Kozyrev's statement on this issue, called it "regrettable." The Russian minister gave as good as he got, calling Washington's irritated reaction "jealousy."

Is the White House jealous of the Kremlin's diplomatic success? The end of the week brought Clinton a whole host of achievements. A military dictator had left Haiti in good time. North Korea had agreed to full-fledged nuclear inspections, removing the albeit theoretical question (but one that had been discussed) of war on two fronts—against Iraq and North Korea.

So what more success does Clinton need. Does he need any?

Suppose Saddam Husayn had not withdrawn his guards but had allowed Joint Chiefs Chairman John Shalikashvili to repeat the success of his predecessor Colin Powell! Not for nothing did U.S. Secretary of State W. Christopher, appearing Sunday on a popular TV program, say with dreamy regret that "next time" no warnings would be issued before opening fire on Saddam Husayn and that the United States had enough forces to do this.

"He was able to get down to replying only almost an hour later," a staffer said about B. Clinton, describing the President's indignation at the letter from "friend Boris" supporting and justifying his foreign minister's actions. Having given vent to their anger and cooled down, the presidents ordered their people to reach agreement. Russia withdrew its veto threat, and America slightly toned down some of its anti-Iraq formulas.

A. Kozyrev arrived in New York Sunday evening to report to the UN Security Council on the accords with Iraq and the terms for easing sanctions—as seen by a Russia inspired by the distant prospect of trade with Iraq.

U.S. Defense Secretary W. Perry has also arrived from the Near East—but in Washington, not New York. The American is inspired by more immediate prospects. The emir of Kuwait has promised to pay for all the U.S. spending in respect of troop movements and other military preparations.

"How much did it cost?" the emir asked

"Between $500 million and $1 billion," was the immediate reply.

Kozyrev Unable To Meet UK's Hurd in Moscow

LD1710124194 Moscow INTERFAX in English 1229 GMT 17 Oct 94

[FBIS Transcribed Text] Russia's Foreign Minister Andrey Kozyrev will be unable to meet with his British counterpart Douglas Hurd during the British royal visit to Moscow, a senior diplomat reported to Interfax from New York, where Kozyrev is now.

He explained Kozyrev's position "by the extremely negative reaction" of Hurd to the Russian foreign minister's Middle East tour, during which he visited Baghdad among other capitals.

In his words, "Kozyrev was upset learning that Hurd, whom he respects, hastily, going by, as the British foreign secretary himself confessed, Voice of America reports rather than analysis of any documents, tried to play down the significance of the Baghdad accords."

As Interfax already reported, at a meeting with Kozyrev in Baghdad on October 13, Iraqi President Saddam Husayn agreed in principle to recognize Kuwait's sovereignty and territorial integrity.

The diplomat quoted Kozyrev as saying in a small circle that "the impression is that British diplomacy is losing face."

UK Says 'No Diplomatic Crisis'

LD1710160494 Moscow ITAR-TASS in English 1535 GMT 17 Oct 94

[By ITAR-TASS correspondent Viktor Solomin]

[FBIS Transcribed Text] London October 17 TASS—An official representative of the British Foreign Office told ITAR-TASS that the Foreign Office was informed last week that there would be no meeting in Moscow between British Foreign Secretary Douglas Hurd and Russian Foreign Minister Andrey Kozyrev. While Douglas Hurd accompanying Queen Elizabeth the second on the state visit to Russia beginning on Monday will be in Moscow, his Russian counterpart will be staying in the USA. There is no diplomatic crisis between Britain and Russia allegedly caused by differences over the settlement of the situation regarding Iraq, the spokesman said.

He said Britain does not agree with any aspect of the Russian initiative on Iraq, and Douglas Hurd stated this definitely during his recent visit to the Gulf area. But this matter should be discussed and work in this direction is being done. The heads of the foreign policy agencies of the two countries regularly exchange opinions on various problems, the spokesman said.

Yeltsin Receives Queen Elizabeth in Kremlin

LD1710170594 Moscow ITAR-TASS in English 1629 GMT 17 Oct 94

[By ITAR-TASS correspondent Anna Melnikova]

[FBIS Transcribed Text] Moscow October 17 TASS—A ceremonial meeting between the British Queen, her husband, the Duke of Edinburgh, and Russian President Boris Yeltsin took place in the St. George Hall of the Grand

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Kremlin Palace today. For the first time in the history of the Kremlin the British state anthem was played by a symphony orchestra.

Yeltsin gave the Queen a bunch of tea-roses which well harmonised with the colour of her suit. The Russian president introduced Russian politicians, who attended the ceremony, to the Queen. There were no modifications or any extra events in the schedule of the official ceremony, ITAR-TASS learned from a protocol department.

Speaking to the Queen, the Russian president expressed the hope that she would enjoy a ballet she was going to attend in the Bolshoy Theatre tonight.

Russia, U.S. Discuss Nuclear Safety in Moscow

LD1710124694 Moscow INTERFAX in English 1230 GMT 17 Oct 94

[FBIS Transcribed Text] Working groups of the Russian and the US defense ministries began talks in Moscow on Monday with the goal of strengthening strategic stability.

The head of the Russian delegation, a political assistant of the defense minister Lieutenant-General Gennadiy Ivanov told Interfax that the talks will finalize the understandings reached during the Washington meeting between President Boris Yeltsin and President Bill Clinton last September.

According to Ivanov, the talks will focus on the implementation of the START-1 treaty, nuclear proliferation and nuclear safety.

The general said the Russian side intends to raise the question of reducing the nuclear submarine patrolling zones and limiting the activities of anti-sub forces in these zones.

"If a stage of confidence has begun in our relations, in defense in particular, there is no need to patrol each others' coasts. Besides, there remains the danger of the collision of Russian and American subs which can have grave consequences," Ivanov said.

The talks will end on Tuesday. The US delegation is led by assistant Defense Secretary Ashton Carter.

According to military sources, the next stages of bilateral consultations will discuss the ratification prospects of the START-2 treaty. Under the latest Washington understanding, after ratifying START-2 Russia and the US will be ready to discuss further reductions and limitations of remaining nuclear forces.

START-2 provides for reducing strategic nuclear charges from 6000 to 3500. The treaty is to be carried out by the year 2005.

IZVESTIYA on Yeltsin-Berlusconi Talks

MM1710131794 Moscow IZVESTIYA in Russian 15 Oct 94 p 1

[Report by Vasiliy Kononenko: "Kremlin Loves Italy"]

[FBIS Translated Text] On 14 October B. Yeltsin held two hours of talks in the Kremlin with S. Berlusconi, chairman of the Italian Council of Ministers.

It is noteworthy that the most spacious and impressive hall was used for the talks—St. George's. The hosts are endeavoring to stress their special regard for the Berlusconis in every possible way (the couple spent the night in their own half of the Great Kremlin Palace—an honor which has been accorded to few guests). Mrs. Berlusconi was occupied by the ritual of drinking tea and looking round the Kremlin. It is said that Italy's First Lady was delighted.

At noon the two heads of state signed a Treaty on Friendship and Cooperation in the presence of journalists. The economic section of this document provides for the creation of favorable legal and economic conditions for the development of enterprise. The sides intend to establish a Russian-Italian council for economic, industrial, and currency and financial cooperation. The treaty also enshrines the sides' commitments to cooperate in a sphere specific to both countries—the battle against organized crime and arms and drug smuggling. B. Yeltsin announced that an insurance company has been set up for the protection of capital investments in Russia, which will protect investors' money from political risks. Concerning the problems of Russia's payment of its debt to Italy (on which account the realization of many joint projects is being held up) Yeltsin said the following: "We are raising the question of compensation for possible losses arising from debts with the Paris Club. The point is that Russia owes the countries of the world $80 billion, but we are owned R140. And we need somehow to receive this difference."

The business part of S. Berlusconi's visit ended 14 October.

Rosvooruzheniye Chief Visits Thailand

MM1810100594 Moscow KRASNAYA ZVEZDA in Russian 18 Oct 94 p 1

["Rosvooruzheniye" press service report: "Thailand Has SHown Interest in Russian Weapons"]

[FBIS Translated Text] At the invitation of General W. Sukmak, Thailand's defense minister, Viktor Samoylov, general director of the "Rosvooruzheniye" state company, flew from Moscow to Bangkok yesterday. During his four-day visit he will have talks with the leadership of the country's defense ministry on the possibility of Thailand's purchase of Russian weapons and military equipment.

Like other Southeast Asian countries Thailand is updating its armed forces and is examining the possibility of equipping them with modern weapons and military equipment marked by high-level combat specifications and reliability.

Japan Rejects South Kuril Economic Zone Plan

MM1710120994 Moscow KRASNAYA ZVEZDA in Russian 15 Oct 94 p 2

[ITAR-TASS report: "Japan's Position"]

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[FBIS Translated Text] Japanese Foreign Minister Yohei Kono has rejected Russia's proposal to create a free economic zone in the South Kurils, which have suffered from an earthquake and typhoon—a proposal put recently in Moscow by First Vice Premier Oleg Soskovets.

Addressing a session of the parliament house of representatives budget commission, the head of the Japanese foreign policy department, according to KYODO TSUSIN, stated: ' we cannot accept any proposal which proceeds from the premise that the fourth Northern islands are under Russian jurisdiction.

German Military Delegation Arrives on 4-Day Visit

LD1710171594 Moscow ITAR-TASS in English 1648 GMT 17 Oct 94

[By ITAR-TASS correspondent Vadim Byrkin]

[FBIS Transcribed Text] Moscow October 17 TASS—Brigade General Christian Milotat is in charge of a delegation of the German Headquarters of the Ground Forces, which arrived in Moscow on Monday for an official visit.

The visit is aimed at developing bilateral military cooperation between the respective military departments of Russia and Germany.

According to the press centre of the Russian Ground Forces, the German delegation is to meet with Colonel-General Yuriy Bukreyev, chief of the Main Headquarters of the Russian Ground Forces, on Monday.

During the four-day visit, high-ranking officials from the German Headquarters of the Ground Forces will visit several Russian military detachments. Colonel Reinhard Breitfelder, military attache of the German embassy in Russia, will accompany them.

This is a return visit. A group of Russian generals led by Lieutenant-General Vitaliy Skryabin, first deputy chief of the Main Headquarters of the Ground Forces, visited Germany last June.

CSCE Seen Trying To Curb Nagorno-Karabakh Role

MM1710090994 Moscow SEGODNYA in Russian 14 Oct 94 p 3

[Article by Ambassador at Large Vladimir Kazimirov under the "Ex Officio" rubric: "Russia and the CSCE 'Minsk Group.' Time Has Come to Tell Truth About Role of Certain 'Intermediaries' in Nagorno-Karabakh Settlement"]

[FBIS Translated Text] Blood has not been shed in Nagorno-Karabakh for five months now. But the cease-fire achieved with Russia's help has not yet been turned into lasting peace. Why have both Russia and the so-called CSCE Minsk Group been totally unable to achieve this? This question was answered by Ambassador at Large Vladimir Kazimirov, who heads the Russian mediation mission and represents Russia in the "Minsk Group."

There has been a lot written and said recently about the fact that contradictions between Russia and the CSCE have been increasing of late in the Nagorno-Karabakh settlement process. There are indeed some differences, but not with the CSCE but within its "Minsk group," which represents 11 states along with the warring parties. To be more precise—there are differences with several quite influential members of the "neutral nine."

Russia's relations as a mediator with certain partners in this group have been complicated by their importunate claim to the central role of the "Minsk group" in a Nagorno-Karabakh settlement. This is essentially an attempt to belittle Russia's independent mediation role.

Russia felt the impact of this conflict more acutely than other countries, and, earlier than anyone else, long before the "Minsk Group," consistently acted as mediator—independently and in conjunction with other CIS participants. Its potential, stemming above all from its very close ties to the peoples of the Transcaucasus, is unique. Hence the results of Russian mediation, including the cease-fire, which has already lasted five months.

We would note that some of our "Minsk Group" partners become more active, as a rule, when Russia succeeds in making some kind of progress. Their persistence in propagandizing the "central" importance of the "Minsk Group" is clearly out of proportion to what it has actually been able to achieve. We should draw attention to the way in which the myth of the fruitfulness of the "Minsk Group" is being fabricated by certain Western circles. At one moment the EU, at the next the CSCE Parliamentary Assembly has been issuing one special statement after another in support of the "Minsk Group" and its leadership, expressing gratitude and complete confidence. Since there is as yet nothing to bolster these generous eulogies in real life, their actual aim is obvious—to ignore the Russian Federation's efforts and to credit what has been achieved to the "Minsk Group."

Admittedly, things sometimes operate somewhat differently—tribute is paid to Russia's "decisive contribution." But in actual fact, they continue to squeeze it out of the mediation effort.

A myth is being created of some kind of "CSCE plan" for a Nagorno-Karabakh settlement. Unless we count last year's rather weak timetable, which not all parties to the conflict were able to accept, then the "Minsk Group" has no integrated plan. That is why its leadership, on the pretext of setting up a "consolidated peace plan," attempted to espouse the Russian plan for a "major" political agreement, but was let down by its immoderate desire to modify it.

The Nagorno-Karabakh conflict was the first in the experience of CSCE peacemaking. It has almost no experience

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of settling conflicts—it has neither the mandate, the mechanisms, nor the funding to carry out large-scale peacekeeping operations. And the "Minsk Group" does not have any decision at all about its creation or a clear mandate. That is why it grabs hold of everything in order to justify its claim to a "central role."

After his trip to the region in October 1993 the personal representative of the acting CSCE chairman recommended, in particular, that the forms and methods of a settlement of the Nagorno-Karabakh conflict should be closely examined. This was also noted in the report on the CSCE's activity in 1993. After all, to be frank, the "Minsk Group" has not always chosen correct guidelines and priorities in the two and a half years of its activity, and has repeatedly been late in defining its stance. For instance, it was only toward the end of 1993 that the "Minsk Group" recognized and accepted the **priority of a cease-fire** in the entire settlement process. The "Minsk Group" itself had not once secured a cease-fire, which did not prevent it, when Russia was able to halt the bloodshed, from claiming the credit. Also typical is the fact that, after a long correspondence, Mr. Rafaelli, chairman of the "Minsk Group," received from the warring factions' top leaders the right to set the date for the cessation of hostilities, but did not avail himself of it. We can only speculate as to why.

Right until September 1993 the "Minsk Group" avoided recognizing the fact that there are three parties to the conflict. For a long time it also did not want to work on the agreement as a legal document that would be binding on all parties. Preference was given to less definite forms such as a timetable, a plan, and so forth. For many months there was stubborn opposition to our idea of setting up a joint coordination commission—which certain members of the group are now advocating so vigorously.

By the fall of 1993 Russia had become the first to conclude that observers were not enough to settle the conflict—a peacekeeping operation using **disengagement forces** from the warring factions was needed. This Russian proposal was blocked. But now contingents to set up CSCE multinational forces are being feverishly sought. The elementary idea of **disengaging** the warring factions' forces was accepted at long last only quite recently.

The cease-fire has been maintained for more than five months. But the "Minsk Group" is in no hurry to send CSCE observers. Yet Mr. Eliasson, chairman of the group, claimed for a number of months that this is the paramount task and insisted on concluding a special agreement.

Examples of this kind of mistake could be continued. We would note that Russia did not keep silent during the discussion of all these issues in the "Minsk Group."

Opponents are trying to find a contradiction between our raising of the issue that the CSCE should play a central role in ensuring security and stability in the European region, and our critical approaches to the work of the "Minsk Group" and its real role. But there is no contradiction. The low effectiveness of the "Minsk Group" is prompting us, in particular, to strive to turn the CSCE into a full-fledged regional organization.

The fundamental document on the Nagorno-Karabakh settlement—the CSCE Council decision of 24 March 1992—shows that the foreign ministers of this organization's members proceeded on the basis that the CSCE has an important but not exclusive role. They proceeded on the basis of the concept of complementary coordinated efforts, but not on the basis that the entire settlement process should be conducted exclusively within the CSCE framework. We would note that not a single agreement on settling conflicts on the territory of the former USSR has been concluded under CSCE auspices or signed by its representative. By agreement with the parties to the Nagorno-Karabakh conflict the Russian mediator was the first to show a readiness to indicate in the preamble to its draft agreement to end the armed conflict that it is being concluded "under CSCE auspices" and also proposed to the chairman of the Minsk Conference that the agreement be signed on the CSCE's behalf (along with the CIS and Russia).

But a number of members of the "Minsk Group" do not want either a signature or even a mention of the CIS, merely referring condescendingly to the "CIS member-states." While CSCE documents adopted at summit level directly point to the possible utilization of the CIS peacekeeping mechanism (the Helsinki document of 1992, Section III, Paragraph 52). We would add that, unlike the "Minsk Group," the United Nations strives to make the maximum use of regional and subregional organizations. **Complementary and coordinated efforts by the United Nations, the CSCE, the CIS, and the Russian Federation—that is the way to achieve success most rapidly.** The correlation of the roles should hardly be laid down once and for all—it could change as the peace process develops. It is clear that at this stage, as a result of a number of objective factors, the role of "locomotive" is being played by Russia.

Waiting for the CSCE to gain the ability to carry out wide-ranging peacekeeping operations will mean getting bogged down in uncertainty and losing several valuable months. After all, we cannot rely on the current cease-fire being of unlimited duration—we need to conclude a political agreement on ending the armed conflict as quickly as possible.

The CSCE's role in the Nagorno-Karabakh settlement should grow in real life rather than on paper. The sending of CSCE observers and the opening of the Minsk Conference will be important stages in this respect. But so far neither of these has happened.

We are not counterposing Russia's efforts to those of the "Minsk Group." We believe that we are working in the same direction and should coordinate our efforts and support each other. But certain representatives in the "Minsk Group" are guided not so much by the tasks of ending the conflict as by their own political and economic

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interests in the Transcaucasus. For the sake of their own selfish ends, unconnected with a settlement, they are essentially making the CSCE run the risk of being discredited in an attempt to exploit its structure as a screen for their own geostrategic schemes. Do they not want to introduce a "dual" standard for the CSCE in general—a leading role in the East and a modest role in the West?

Russian mediation in the Nagorno-Karabakh settlement is meeting with continual obstacles because by no means everyone likes this active Russian role. God forbid it should lead to a strengthening of its influence in the region or to a revival of integration processes within the CIS! Typical in this respect is the argument used by an American politician that instability is better than the restoration of Russian influence in the Transcaucasus.

We need to put a stop to the pernicious discussions for the "Minsk Group" about the "distribution of roles," to restore order in its activity, to clearly define its mandate, and to focus on the essence of the settlement problems which will be among its tasks.

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Political Issues

Follow-up Meeting on Public Accord Postponed

LD1710124394 Moscow ITAR-TASS World Service in Russian 0920 GMT 17 Oct 94

[By ITAR-TASS correspondent Anna Melnikova]

[FBIS Translated Text] Moscow, 17 Oct (ITAR-TASS)—The assembly of signatories to the Treaty on Public Accord, which was to have been held 22 October, will be postponed to December this year. An ITAR-TASS correspondent learned this from a well-informed source in the Kremlin.

The official reasons for the postponement have not yet been announced.

Yeltsin 'Indignant' Over Newspaper Office Attack

LD1710164094 Moscow ITAR-TASS World Service in Russian 1507 GMT 17 Oct 94

[By ITAR-TASS correspondent]

[FBIS Translated Text] Moscow, 17 Oct—Russian President Boris Yeltsin was immediately informed today about the terrorist attack at the office of the MOSKOVSKIY KOMSOMOLETS newspaper, as a result of which a well known journalist, Dmitriy Kholodov, was killed, the Russian Federation President's press secretary, Vyacheslav Kostikov, said in a statement which has come into the ITAR-TASS office today.

"Boris Yeltsin is indignant over the increasingly frequent incidents of terrorist attacks on democratic journalists, and he immediately instructed Interior Minister Viktor Yerin to take the investigation under his strict control and to report the results back to him," the document said.

The president expresses his deep condolences to the families of the journalist killed and the injured member of staff of the MOSKOVSKIY KOMSOMOLETS newspaper, the statement of the president's press secretary said. "The president feels sympathy for the position and the courage of the independent journalists who are performing their civic duty, understanding Russia's democratic goals."

Newsman's Killing Leads 'to Grachev'

MM1710185794 Moscow KOMSOMOLSKAYA PRAVDA in Russian 18 Oct 94 p 1

[Report by Ravil Zaripov and Yevgeniy Smirnov: "Death Phones In Its Story"]

[FBIS Translated Excerpts] Dima Kholodov, a 27-year-old reporter with MOSKOVSKIY KOMSOMOLETS, was brutally murdered at his desk yesterday. [passage omitted]

The journalist's murder is being directly linked to a whole series of investigative reports by him on corruption and illegal trading in arms and property in the Western Group of Forces. According to staffers, Dmitriy Kholodov had recently been receiving threats by phone and in anonymous letters, but had laughed them off: "They'll threaten me for a bit, then get tired of it." In a few days' time Dmitriy was to have appeared at hearings in the State Duma (he had been offered the opportunity by Sergey Yushenkov, chairman of the Defense Committee) on abuses in the Western Group of Forces. And the journalist had prepared documents for his appearance.

What kind of documents was the journalist going to hand over? "They were documents on Grachev," a KOMSOMOLSKAYA PRAVDA journalist was told by Vadim Poegli, head of the politics desk and Dima's immediate boss. [passage omitted]

Pavel Gusev, chief editor of MOSKOVSKIY KOMSOMOLETS:

"This is a political assassination of a journalist. People involved in corruption and wanting to destroy the truth and free speech in Russia had an interest in it. Dima Kholodov was hitting these people in uniform where it hurts. Not a single one of the articles that were published was refuted by the Defense Ministry—even though they clearly indicated where and how Russian Army property was being purloined and who was making money out of it. I am sure that the trail will lead to the Federal Counterintelligence Service, to Burlakov (former commander of the Western Group of Forces—authors), directly to Grachev, who has loads of Mercedes obtained from Germany, and to people who are destroying the state. We will not be intimidated, and we will name the names of those who are trying to destroy us journalists."

Editor Says Army Investigation Continues

LD1710202594 Moscow Radio Rossii Network in Russian 1959 GMT 17 Oct 94

[FBIS Translated Excerpt] Our colleague, MOSKOVSKIY KOMSOMOLETS correspondent Dmitriy Kholodov, has become the victim of a cruel and cold-blooded murder. Let us hear the eyewitnesses. Our correspondent Andrey Zenkov spent the entire afternoon in the editorial offices of MOSKOVSKIY KOMSOMOLETS:

[Begin recording] [Passage omitted] [Zenkov] So what can one use to counter this kind of terror, when pen and paper, a tape recorder and state salary are fought with explosives and professional killers' rifles, multiplied by millions of shady rubles? Pavel Gusev and, it seems, the entire team of MOSKOVSKIY KOMSOMOLETS, have the answer.

[Gusev] It's the truth. If every journalist is not afraid to write the truth - they won't kill and destroy everyone. The scum from the Defense Ministry, the Western Group of Forces, and other services don't like the truth, they are afraid of their shady deals involving many millions and billions coming to light. Every journalist knows about the trade they were involved in, but unfortunately not all dare to write about it. They are afraid. They shouldn't be. The more you are afraid of the scum, the more brazen they become. I think the only thing that can save Russian

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journalism from the bastards and scum who are watching our backs is the truth we write. We are going to continue our investigation. [end recording]

Our correspondent Vladimir Mishnev has contacted by telephone the press service of the Moscow directorate of the Federal Counter-Intelligence Service. A member of its staff, Sergey Bogdanov, said:

[Begin recording] [Bogdanov] It has become known that the attache case Kholodov brought to the office contained a home-made high-explosive device with the equivalent of 150-200 gm of TNT. A clockwork fuse had been set to go off when the case was opened.

[Mishnev] Are you working on any particular line of enquiry?

[Bogdanov] So far we are collecting data. It is too early to speak of any particular lines of enquiry.

[Mishnev] Pavel Gusev said that an FCS employee was believed to have handed over the documents.

[Bodganov] We believe Gusev made this statement in a state of shock. [end recording] [Passage omitted]

Grachev Denies Ministry's Involvement

LD1810121494 Moscow ITAR-TASS World Service in Russian 1114 GMT 18 Oct 94

[FBIS Translated Excerpt] Moscow, 18 Oct (ITAR-TASS)—Russian Federation Defense Minister Pavel Grachev today denied accusations of involvement by the department he heads in the death of the MOSKOVSKIY KOMSOMOLETS journalist. "We regard such accusations as unjustified and see this as a blasphemous attempt by certain political forces to exploit the tragedy to stir up anti-army hysteria," reads a statement by the minister circulated today. [passage omitted]

Pavel Grachev expressed his condolences regarding the tragedy, stating that "the cause of the explosion will be thoroughly investigated." Society should know the truth about all facts connected with the journalist's death, said the minister.

Journalists' Union Issues Statement

LD1710193794 Moscow ITAR-TASS in English 1906 GMT 17 Oct 94

[By ITAR-TASS correspondent Andrey Popov]

[FBIS Transcribed Text] Moscow October 17 TASS—"There is no doubt that it was a political assassination," says the statement from the presidium and the secretariat of the Moscow Journalists' Union concerning today's terrorist act in the editorial office of Moscow's newspaper "MOSKOVSKIY KOMSOMOLETS." A 27-year-old journalist, Dmitriy Kholodov, was killed, and his two colleagues were wounded in the act.

"The merciless war, which has been declared to journalists by different forces destabilising the already troubled situation in the country, reached another of our colleagues," the statement says. "He was carrying out a serious enquiry which related to selling Russian weapons by officials of the Russian western army, and he was killed for it," the statement continues.

The union's presidium and secretariat say that "terror by corrupt forces which hold sway in the country, has amounted to a critical point, while authorities are either unable or unwilling to bring the criminal situation in Russia under control."

The presidium and the secretariat expressed profound empathy with Kholodov's family, relatives and friends, and called all progressive forces of Russia to unite and to put a barrier before bandit terror.

Reshuffle 'May' Follow Report on Ruble Collapse

LD1810083394 Moscow ITAR-TASS in English 0753 GMT 18 Oct 94

[By ITAR-TASS correspondent]

[FBIS Transcribed Text] Moscow October 18 TASS—The Russian Security Council will meet on Tuesday afternoon to discuss a report of a special commission which has investigated the causes of the unprecedented collapse of the rouble which occurred a week ago.

Neither Presidential Chief of Staff Sergey Filatov, nor any of the presidential aides agreed to disclose the results of the investigation before Boris Yeltsin does it.

Filatov only told TASS that the situation on the financial market "was provoked by interested structures as a blow on the trust to authorities".

The scandal already resulted in the dismissal of acting Finance Minister Sergey Dubinin and the resignation offered by chief banker Viktor Gerashchenko.

TASS learned from reliable sources that a further government reshuffling may follow.

Duma Chairman Previews Political Season

MM1710120594 Moscow ROSSIYSKAYA GAZETA in Russian 15 Oct 94 p 1

[Interview with State Duma Chairman I. Rybkin by ITAR-TASS correspondent Pavel Kuznetsov 'especially for ROSSIYSKAYA GAZETA': date, place not given: "Ivan Rybkin: We Were Elected To Extricate the Country from Crisis"]

[FBIS Translated Text] Questioned about the development of the situation in Russia during the next political year, State Duma Chairman I. Rybkin, replied:

[Rybkin] The situation in the country will develop in line with the way things go in the economy. No breakthrough has been achieved. There has been a pretty big drop in

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production of around 27 percent. Inflation, which we managed to keep in check for many months, is now acquiring a new lease of life.

The executive must act in this situation. It must be circumspect on the one hand and fairly tough on the other. This particularly applies to questions of the manageability of production. The range of mechanisms here is fairly diverse; however, I would very much like to see primarily economic methods employed. We are dying for the government to submit the draft federal budget for 1995 along with what is effectively a new taxation code and a medium-term economic program for the period 1995-1997.

[Kuznetsov] How do you rate the significance of the upcoming 22 October assembly of parties to the Social Accord Treaty?

[Rybkin] We will only be able to escape the crisis by coordinated action. The treaty's conciliation bodies must work more effectively, both at regional level and here in the capital. In particular, we must coordinate lawmaking activity so as to ensure that the agents of legislative initiative do not simultaneously formulate one and the same documents. If alternative draft laws do appear, they could nonetheless be reduced to a common denominator by a special conciliation commission during the final drafting stage.

What is more, we need to agree in our view of the aims and tasks of economic reform. Here too there are certain things required of the government's economic program. It must have the backing of the majority of the population. At the same time the government must rely on a parliamentary majority. That does not mean that this government should be destroyed. It must be strengthened and people who are tired, discredited, or not professional enough removed. We are prepared to give both the president and the government our view of this matter.

[Kuznetsov] Ivan Petrovich, what changes could there be in the Duma's work in connection with the recent statement by Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia [LDPR], that his party was pulling out of the Social Accord Treaty and that the Liberal Democratic faction will no longer take part in the chamber's plenary sessions?

[Rybkin] The fact that the LDPR faction left the Duma conference hall did not affect the chamber's lawmaking work. All matters proposed for discussion on that day were examined without exception. Mr. Zhirinovskiy said that he was pulling out of the Social Accord Treaty. My view is that accord should be active and successful and ensure tranquillity in Russia. This respite in the political battle must be handled intelligently. The population did not elect us to the Duma in order for some of us to stand on the sidelines and refuse to take part in this process. We were elected to take coordinated action to extricate the country from a very grave political, economic, and spiritual crisis.

[Kuznetsov] In your view, what draft laws should the State Duma adopt as a priority?

[Rybkin] No matter what we say, we simply cannot operate without the adoption of the 1995 federal budget, without resolute changes to the taxation code, and without the adoption of a government economic program for 1995-1997. Finances must be regulated even if they are miserly.

[Kuznetsov] In your view, how will the discussion of the question of confidence in the government go?

[Rybkin] Everything depends on the government itself. On the kind of budget it submits, how it sums up the results of this year's budget implementation, what kind of new tax legislation it submits, and how it outlines its view of the country's development in 1995-1997. Once the State Duma has carefully studied these documents, it will make up its mind on the question of confidence in the cabinet.

[Kuznetsov] During a recent meeting with the Russian prime minister Boris Yeltsin advocated the need to "tighten up the reforms." What comment would you make on these words?

[Rybkin] I agree with this idea insofar as the head of state is referring to the consistency of reforms, their content, the clear idea behind the avowed programs, and the tightening up of assessments of each government member's activity. It is absolutely essential to tighten up reforms in this way in order to ensure that the reform course does not seem vague to people. It must be comprehensible and clear and set out the immediate tasks and the way improvements will enter every Russian home.

Precise, well-considered solutions must be sought to the prevailing situation. They are to be found in our economists' programs, including those produced by Duma deputies, namely Grigoriy Yavlinskiy, Sergey Glazyev, Mikhail Zadornov, Sergey Burkov, and many others. Everything that is of practical importance is to be found in these programs. We must be involved in the government's economic program. I do not only mean the State Duma but the whole people as well.

Cabinet Discusses Proposed Tax Legislation

LD1710125494 Moscow INTERFAX in English 1153 GMT 17 Oct 94

[FBIS Transcribed Text] The Russian Government Presidium held a closed conference chaired by Vice-Premier Oleg Soskovets on Monday to discuss a package of five draft laws on taxes that are to come into force on January 1, 1995. Under a decision of the Duma, the Cabinet must submit the drafts to the lower house of parliament for approval on Monday at the latest.

According to well-informed sources, the presidium is to finalize amendments to the laws on profit tax for businesses, on the value added tax, on property tax for businesses, on income tax for individuals and on excise tax. The purpose of the legislation is to reduce the tax burden on companies by increasing taxes for individuals.

The sources in the Cabinet say presidium members made a number of fundamental amendments to the package of

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laws on taxation drawn up by the Finance Ministry. It turned down the suggestion of the ministry to introduce a 10-20 percent tax on personal savings. Neither did the Cabinet support the idea of taxing the military officers or the police.

On the other hand the Cabinet finds it expedient to introduce a 2-5 percent federal income tax on individuals. Deputy Finance Minister Sergey Aleksashenko said each citizen should pay taxes to the federal budget, not only to the local budget.

The government also agreed to cancel the special tax aimed at supporting key branches of the economy because the revenues did not justify the spending involved in collecting the tax.

Opinion Poll Shows Yeltsin Popularity in Cities

LD1710121394 Moscow ITAR-TASS in English 1129 GMT 17 Oct 94

[By ITAR-TASS correspondent Tamara Ivanova]

[FBIS Transcribed Text] Moscow October 17 TASS—If presidential elections were held now in Russia and voters were offered two candidates—Boris Yeltsin and a representative of the national patriotic opposition,—21 per cent of respondents would vote for the present president and 11 per cent for the leader of national patriots, according to the results of a recent poll held by the Public Opinion Service.

Incidentally, Muscovites and St. Petersburg residents more often give preference to Yeltsin. As many as 39 per cent of respondents in these cities would voted for him today.

However, sociologists note that the farther from the capital the less support is enjoyed by the present president. For instance, only 16 per cent of villagers favour him.

Approximately the same picture is registered in replies to a similar question where the second candidate for the presidency is a representative of the Communist Party. Yeltsin would be supported by every fifth respondent, and a communist leader only by 18 per cent.

Yeltsin would be supported by 35 per cent of Moscow and St. Petersburg residents and by 16 per cent of villagers. Respondents from small towns equally shared their sympathies between the present president and a would-be leader of communists (18 per cent each).

Every fourth respondent admitted in both cases that he would strike out both candidates, and another quarter of respondents would not go to the polls, which shows a drop in Russian people's political activity.

A total of 1,344 city and countryside residents of Russia participated in the poll.

PRES Seen Beset by Problems on 1st Anniversary

MK1810120094 Moscow KOMMERSANT-DAILY in Russian 18 Oct 94 p 3

[Report by Maksim Sokolov: "Anniversary of Shakhray's Party. One Year in Unity and Accord"]

[FBIS Translated Text] The Party of Russian Unity and Accord [PRES] has approached its first anniversary to be marked today in hardly a jubilant mood. The acquisition of a recognizable political image, a necessity for any party, has never materialized.

The confusion and wavering that mounted in the democratic camp one year ago gave rise to two (not counting the ephemeral Russian Democratic Reform Movement) democratic blocs in opposition to "Russia's Choice" right after the October events. "Yabloko" opposed "Russia's Choice" on the left; Shakhray with the PRES, on the right. His party was intended as a stronghold of reasonable conservatism, enlightened patriotism, respectable provincialism, and liberal bureaucratism. In practice this meant that the party actively courted top federal bureaucrats on the assumption that, attracted by the plethora of high-ranking federal officials, regional bosses would eagerly flock to the party thus resolving what any party sees as the excruciating problem of winning support on the ground. Its hopes were also roused by the fact that representatives of the business community, which at the time were dissatisfied with Gaydar, decided to follow Academician Arbatov's recommendation "to change the girls," that is, to bet on the PRES.

The first disillusionment came right after the elections. A party that, according to Shakhray, laid claim to one-third of the votes, barely managed to cross the 5-percent barrier. Its woes were compounded by the fact that the party's main trump card—a lengthy list of powerful officials enrolled in it and a transparent hint that Prime Minister Chernomyrdin himself was sympathizing with it in his non-partisan way—was already put on the table, but did not work. The second disappointment was that the hint at special relations with Chernomyrdin proved to be exaggerated.

Moreover, after most "Russia's Choice" members headed by Gaydar were ousted from the government, not only did the PRES ministers, Sergey Shakhray and Aleksandr Shokhin, fail to boost their clout, but they rather emerged as next in line to be kicked out, for every tide has its own inertia. With regard to claims to special relations with the regions, Shakhray has met a serious rival in the person of Vladimir Shumeyko, who has become an ex officio patron of local princelings who, having lost their illusions about unity and accord, decided that it is not a person who adds respect to a job, but the other way around. The business community has also lost interest in the party, proof of which is persistent rumors that the party organization is being funded with government money. Regardless of whether the rumors are trustworthy or not, they can circulate only around an organization that lacks a serious private sponsor. Finally, personal problems (the conflict between Shakhray and Zatulin, and a corruption scandal involving Stankevich) have not helped to straighten things out, either.

In order to recuperate after so many failures, the party should have focused on creating a fresh political image, but

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nothing of the kind has happened. As a result, the election logo composed by Shakhray a year ago that goes "If you want to end this mess, you should vote for Shakhray's PRES" elicits just one question from a layman: What actually is "Shakhray's PRES?"

Economic Issues

Yeltsin Appoints Acting Central Bank Head

LD1810093194 Moscow ITAR-TASS in English 0919 GMT 18 Oct 94

[By ITAR-TASS correspondent]

[FBIS Transcribed Text] Moscow October 18 TASS—President Boris Yeltsin appointed Tatyana Paramonova acting chairwoman of the Central Bank of Russia, his press service said on Tuesday.

Paramonova was a deputy of former chief banker Viktor Gerashchenko who offered to resign after an unprecedented collapse of the rouble.

"Until the appointment according to the Constitution of the chairman of the Central Bank of Russia the duties will be entrusted to Tatyana Vladimirovna Paramonova", according to the presidential decree.

Paramonova Biography

LD1810103994 Moscow ITAR-TASS World Service in Russian 0940 GMT 18 Oct 94

[FBIS Translated Excerpt] Moscow, 18 Oct (ITAR-TASS)—B. N. Yeltsin, president of the Russian Federation, signed a decree today which says that until a chairman of the Russian Federation Central Bank is appointed in accordance with the procedures laid down by the Russian Federation Constitution, this function will be carried out in an acting capacity by Tatyana Vladimirovna Paramonova. This has been announced by the press service of the Russian Federation president.

Tatyana Paramonova was born in 1950. She studied at the credit and finance faculty of the Plekhanov Institute of the Economy. She is married with a son.

Until today, Tatyana Paramonova was deputy to the chairman of the Russian Central Bank. Viktor Gerashchenko invited her to take up this post. She was in charge of the combined economics department at the Russian Central Bank and the department for organization and implementation of the state budget and nonbudget funds and was responsible for coordinating action with the Russian Federation Ministry of Finance. T. Paramonova previously held many responsible posts in the former USSR State Bank. [passage omitted]

Contenders for Chairmanship Noted

MM1710160194 Moscow IZVESTIYA in Russian 18 Oct 94 p 2

[Report by Ivan Zhagel: "There Are Six Candidates for Central Bank Chairman, But Bank Itself Believes Best Chance Lies With...V. Gerashchenko"]

[FBIS Translated Text] The top news story over the weekend was the report that the president is examining a list of possible candidates for the post of chairman of the Central Bank of Russia, following the resignation of V. Gerashchenko. It is known from reliable sources that there are six names on the list—Ye. Gaydar, B. Fedorov, D. Tulin, S. Ignatyev, T. Paramonova, and Ya. Dubenetskiy.

The first two candidates are well known and need no introduction. But the fact that their views of the principles underlying monetary and lending policy are commonly known could be an obstacle to their ratification by parliament. Ratification of the new Central Bank chairman could be so delayed that the president himself will have to appoint an acting chairman.

We contacted B. Fedorov Monday morning and he stated that no proposal had as yet been put to him. As for Ye. Gaydar, even if he has received such a proposal, it will not be easy for him to agree to it. "Russia's Choice," which he currently heads, is launching active preparations for the presidential elections. And it would be exceptionally risky for the party chairman to share in all the shortcomings of the current government.

Among all the other candidates the youngest is Dmitriy Tulin—the deputy chairman of the Central Bank of Russia. But in professional terms he can afford to give the others a head start—it was no accident that literally the other day the IMF elected him to represent Russia on its board of directors. And if he does not get the job of Central Bank chairman, he will be leaving for Washington 1 November.

Sergey Ignatyev is also young and was also long a deputy chairman of the Central Bank. But he has now moved to the Economics Ministry. It has to be said that S. Ignatyev came to the Central Bank during the time of G. Matyukhin—the former chairman of the Bank of Russia—and, although V. Gerashchenko left him in his position, his role in the Central Bank leadership had been considerably diminished of late.

On the other hand, Tatyana Paramonova—another Central Bank deputy chairman—has always been, if not V. Gerashchenko's right hand, at least his left hand. She held many senior positions back in the USSR State Bank, but was made a deputy chairman by V. Gerashchenko.

Finally, the candidacy of Ya. Dubenetskiy is the only one that represents actual bankers. He has for many years headed the Industrial Construction Bank and successfully steered this lending institution through all the pitfalls of perestroyka.

But, judging by the sentiment in the Central Bank of Russia, the best chance of winning the chairmanship lies with...V. Gerashchenko. Several senior officials unanimously told me that, under the Constitution, the question of the head of the Central Bank will nonetheless be decided by the Duma. And it will not give way to the president's initiative in this area. Since it will be hard to reach

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agreement on any of the candidates, the Duma will ask V. Gerashchenko to stay on. And, I was told, he will have to be asked very nicely.

Fedorov Blames 'Deliberate Act' for Ruble Fall

MM1810104094 Moscow TRUD in Russian 18 Oct 94 pp 1-2

[Report by Vitaliy Golovachev on 17 October press conference by Boris Fedorov, former finance minister and now chairman of the State Duma Subcommittee on Monetary and Credit Policy and the Activity of the Central Bank: "Boris Fedorov Accuses..."]

[FBIS Translated Text] Boris Fedorov, former vice premier and finance minister and now chairman of the State Duma Subcommittee on Monetary and Credit Policy and the Activity of the Central Bank, made a sensational statement at a press conference yesterday. He announced that in his opinion the unprecedented collapse of the ruble on "Black" Tuesday was a deliberate act by the government and the Central Bank. It was done so as to "earn" money to partially cover the budget deficit with the help of currency speculation. That, he said, explains why the premier was so calm when the scandal broke out.

Viktor Chernomyrdin, according to the subcommittee chairman, had hoped that there would be no fuss and that once the ruble rate had returned to its former position the whole thing would be forgotten. The premier was not expecting such a rapid and tough reaction from Boris Yeltsin. Had it not been for that reaction, this "act" could indeed have passed off without excessive fuss.

In the West, the state watches over the population's interests, because sharp swings in the national currency are by no means harmless. Prices which rose after "Black" Tuesday are not going down again in a hurry, as experience shows.

According to Fedorov's calculations, this "move" brought its initiators about a trillion rubles. Boris Fedorov told TRUD's correspondent that he does not know whether the premier has admitted everything to the president. In general, Fedorov spoke about the present government in extremely harsh terms—as having no clear policy or clear stance. But it would also be dangerous to change it now, because a new one might be even worse ("better the devil you know"). The main thing is to strive to ensure that such "experiments" on the people do not take place in future.

The State Duma subcommittee chairman does not have much hope that Oleg Lobov's commission will be able and willing to "ferret out" the truth. A great many people, he believes, would prefer to let the matter die a natural death. Hence the need for openness and public attention, so that "they do not take us for a ride again. That is why I called this press conference," Boris Fedorov stated.

Travkin Recommends Fedorov for Central Bank Chief

MK1810091094 Moscow SEGODNYA in Russian 18 Oct 94 p 1

[Unattributed report: "Candidate for Central Bank of Russia Chairman Position"]

[FBIS Translated Text] Former Russian Federation Finance Minister Boris Fedorov "is the best candidate for the position of Central Bank of Russia chairman," thinks Nikolay Travkin, minister without portfolio and leader of the Duma Democratic Party of Russia faction. On the evening of 16 October he stated that, in his view, Boris Fedorov "is the only Russian financier, with the exception of Viktor Gerashchenko, who is widely known in the West."

Government Approves Amendments to Draft Tax Laws

MM1810102194 Moscow ROSSIYSKAYA GAZETA in Russian 18 Oct 94 p 2

[Unattributed report under the general heading "Taxes: Too Early To Heave a Sigh of Relief. Package of Draft Laws Sent Off for Finalization": "Stop-Press"]

[FBIS Translated Text] A package of government draft laws on amendments to the taxation system will be submitted to the State Duma Tuesday [18 October], a day late. Valentin Sergeyev, leader of the government press service, announced that at yesterday's closed session of the Russian Government, which adopted a number of fundamental decisions on concessions for citizens, servicemen, and organizations (compared with the initial version of the draft new taxation legislation). First Vice Premier Oleg Soskovets instructed ministers to coordinate the remaining questions within 24 hours.

It was decided yesterday to retain servicemen's and equivalent persons' tax exemption, citizens' bank deposits will not be taxable, value added tax will not be levied on humanitarian aid and money from abroad for the implementation of nature protection ventures, and on the output of enterprises in correctional labor establishments. Cultural enterprises which spend their profits on charter organs [ustavnyye organy] are exempt from profits tax, as are enterprises and establishments which spend their profits on the needs and improvement of the education process; profits channeled into research and design work are not taxable either in accordance with the government law. Furthermore, it was decided to raise the annual amount that citizens can earn before progressive taxation kicks in—from 1.5 million to 5 million, which applies to all Russian civil entities. It was decided to leave the basic rate of personal taxation at 12 percent.

Government Policy Blamed for Ruble Crisis

MM1710153194 Moscow SOVETSKAYA ROSSIYA in Russian 15 Oct 94 p 1

[Interview with Sergey Glazyev, chairman of the Russian Federation State Duma Committee for Economic Policy, by Nadezhda Garifullina; place and date not given: "Inflated Exchange Rate"]

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[FBIS Translated Text] [Garifullina] The president saw the dramatic situation surrounding the ruble as "sabotage." But was what happened so unexpected?

[Glazyev] The references to the interplay of exchange forces cannot explain the situation—the ruble exchange rate always forms as a result of the interplay of exchange forces causing an equilibrium of supply and demand for foreign currency to be established. The plummeting fall in the ruble exchange rate several days ago was predetermined by an economic policy which consisted in the government's orienting itself toward demonstrating its success using formal indicators. The government concentrated its efforts on achieving successful external indicators like the inflation or exchange rates, passing them off as genuine evidence that macroeconomic stabilization had occurred in the economy. So really nothing unexpected has happened. A shortsighted policy of artificially restraining the ruble's decline has been pursued during the past 18 months, and the precipitous fall is the natural result of this. Since last spring the government has—for the sake of demonstrating good results—maintained the ruble's decline at a level two to three times lower than the rate of its depreciation in the internal market, as a result of which the ruble exchange rate has by now turned out to be significantly inflated and the question of its decline was just a question of the time it took for the Central Bank's reserves to run out.

Importers showing excessive demand for foreign currency, and subsequently players in the speculative capital market who joined them, provoked the collapse. If the government had heeded our proposals about changing the ruble exchange rate policy this spring, it would have been possible to avoid this and maintain the results of partial macroeconomic stabilization of the first half of the year. But the letter to the premier containing a warning about the necessity to change exchange rate policy and bring it in line with the true dynamics of the ruble's depreciation was not taken into consideration.

In this way all talk of stabilization turned out to be exaggerated.

[Garifullina] To what degree does the blame lie with Central Bank Chairman Viktor Gerashchenko, who is under threat from the president?

[Glazyev] The guilty parties are being sought in the wrong places. Gerashchenko and the Central Bank acted in accordance with government instructions. If you can blame Gerashchenko for anything, then it is for giving way to pressure from government reform ideologists preoccupied with using the ruble's stabilization as a sign of economic prosperity. But chiefly to blame are those who artificially forced the ruble exchange rate down. "Russia's Choice" will clearly attempt to pile the blame on figures in the government which are out of favor with it—Gerashchenko and Shokhin—and, as representatives of "Russia's Choice" hold all the key government posts, it is clear that that faction will do anything to get their man made chairman of the Central Bank.

[Garifullina] A view exists that the government is being held hostage by the president....

[Glazyev] That is a myth. A group of people within the structures of executive power are running the country's economy. The State Committee for the Management of State Property and the Ministry of Finance actually determine the country's economic policy. These departments are very independent and are under the control of figures from "Russia's Choice." So that "Russia's Choice" remains right now the ruling party retaining control over the commanding heights in the cabinet of ministers.

[Garifullina] Is this only a crash of the ruble? Does not the fall of the national unit of currency mean the crash of the whole reform policy and the ruling regime's economic policy. After all, at a recent congress of commodity producers you, together with Yuriy Skokov, chairman of the Federation of Russia's Commodity Producers, stated that "in a few months' time there will be an irreversible, profound, and wholesale collapse of material production...."

[Glazyev] Our prognosis is based on a thorough analysis of the present state of commodity production, which may be characterized as a combination of the deepest depression, a rapid deindustrialization of the country's economy, and increasing destruction of our present scientific and industrial potential. Incidentally, I spoke about this in my report at the congress. From this year the crisis entered the qualitatively new phase of a wholesale collapse of material production.

To the cheerful accompaniment of assurances that stabilization has finally arrived, the fall in the total volume of production in the first half of the current year speeded up abruptly and the rate of the fall of industrial production reached 27 percent—this is the greatest downward "spurt" since the reforms started. What is more, a crash has already in essence occurred in those sectors which are the backbone of our economy. In those of them which define modern economic growth—machine-building and the chemical industry—the fall in production compared to 1990 exceeded 60-70 percent and only 40-45 percent of capacity was utilized; in machine-building only 30-35 percent of it was utilized. We are losing key technologies in the defense industry before our very eyes.

At the same time the process of redistributing property is going on at an increased pace—moreover to the advantage of foreign companies which, benefiting from the extremely low prices of shares in our companies, are scooping them up and establishing control over their potential competitors.

[Garifullina] Is there a way out of this genuinely threatening situation?

[Glazyev] Our faction, the "Democratic Party of Russia," recently put a proposal to the State Duma to agenda the question of confidence in the government. What was our starting point? The government has not implemented the

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provision in the Russian Federation president's message to the Federal Assembly "On Strengthening the Russian State," it has reneged on its obligations to implement the Treaty on Social Accord with reference to beating the socioeconomic crisis, and the federal budget has not been implemented. The faction's proposal was adopted. We are convinced that a change of cabinet is an essential condition for the economy's stabilization. If all the present confusion continues till 1996, who becomes president will no longer be of any significance.

Joint-Stock Company To Regulate Telecommunications

MM1710134194 Moscow ROSSIYSKAYA GAZETA in Russian 15 Oct 94 p 4

[Russian Federation Presidential Edict No. 1989 "On Specific Features of State Management of the Russian Federation Public Telecommunications Network," signed by Russian Federation President B. Yeltsin and dated 10 October 1994]

[FBIS Translated Text] With a view to meeting state bodies' requirements for a stable telecommunications network, preserving the confidentiality of telephone conversations, cable and other communications, and attracting additional investment in the develpment of the Russian Federation public telecommunications network I decree that:

1. The Russian Federation Ministry of Communications, in agreement with the Russian Federation Federal Counterintelligence Service, the Russian Federation president's Federal Government Communications and Information Agency, the Russian Federation Ministry of Defense, the Russian Federation Ministry for Civil Defense, Emergency Situations, and the Elimination of Natural Disasters, and the Russian Federation State Committee for Anti-Monopoly Policy and Support of the New Economic Structures, shall establish:

requirements for other telecommunications structures joining the Russian Federation public telecommunications network;

a procedure regulating telephone traffic (including international) using the Russian Federation public telecommunications network.

2. In order to attract additional investment in the development of the Russian Federation public telecommunications network it shall be deemed advisable to create a joint-stock company, including in its corporation capital packages of shares in joint-stock companies formed during the privatization of state communications enterprises assigned to federal ownership. The Russian Federation Government shall adopt the corresponding decision within a month.

3. This Edict comes into force from the day it is published.

[Signed] Russian Federation President B. Yeltsin
[Dated] The Kremlin, Moscow, 10 October 1994.

Poll Shows Widespread Pessimism on Living Standards

MM1710150594 Moscow IZVESTIYA in Russian 15 Oct 94 p 1

[Unattributed report: "Who Leads a Good Life in Russia and Whose Is Not So Good"]

[FBIS Translated Text] Russians have had a difficult week: For several days the ruble rate of exchange fell dramatically and, you would have thought, hopelessly, then just as dramatically leveled out. These ups and downs in the national currency do not give the people confidence. Adapting for the umpteenth time to the new conditions, citizens are forced to review their household budget and cut spending.

The "Mneniye" Sociological Service (1994, led by Gr. Pashkov) polled 3,500 respondents in 30 regions of the Russian Federation. The poll showed that Russians spend virtually all their money on maintaining a fairly reasonable life—on food, clothing, medical services. They economize on things that they can do without—theaters, movies, newspapers.

[Question] One sometimes has to give up things that are simply essential. How often in the past 12 months have you had to give up...?

[Columns in the following table represent: Column A—Never; Column B—Occasionally; Column C—Often: Column D—Altogether]

	A	B	C	D
Food	42.6	35.1	20.8	0.7
Heating, electricity	89.6	6.3	1.7	0.6
Automobile gasoline	30.9	10.7	9.0	16.7
Essential clothing	21.9	35.9	33.2	7.0
Medical services	64.1	17.1	8.5	4.1
Repairs	26.7	20.5	21.1	23.4
Essential purchases	17.0	32.7	33.0	12.4
Trips to the theater, movies	16.7	12.8	16.3	44.8
Newspapers	33.0	19.9	18.4	22.9

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[Question] How soon will you achieve a living standard that will satisfy you?

In one to two years	1.8
In three to five years	6.9
In six to 10 years	4.4
Over 10 years	2.7
Never	18.1
Impossible to predict	43.5
Already satisfied	2.4
Hard to say	20.1

[Question] Who is to blame for your economic problems?

[Columns in the following table represent as follows: Column A—Guilty; Column B—Not Guilty; Column C—Don't Know]

	A	B	C
The Russian Government	74.6	14.8	10.6
The breakup of the USSR	68.7	18.0	13.3
The mafia	66.4	16.3	17.3
Those who started reform	65.6	22.6	11.8
The former party nomenklatura	65.6	18.8	15.6
The Russian president personally	64.6	24.0	11.4
Ye. Gaydar	59.9	23.9	16.2
The local authorities	59.0	28.8	12.2
We ourselves, Russian citizens	48.9	39.5	11.6
The Russian parliament	43.8	31.0	25.2
The Communists	41.4	40.4	18.2
Businessmen	38.5	45.0	16.5
Foreign governments	22.2	48.9	28.9
Capitalists	21.2	48.7	30.1
Jews	8.7	66.5	24.0
Workers	6.6	84.3	9.1

Grain Harvest Reaches 80 Million Tonnes

MM1710161194 Moscow SELSKAYA ZHIZN in Russian 15 Oct 94 p 1

[Article by Aleksey Fedorov: "Fall Sums Up"]

[FBIS Translated Text] Russia's grain growers have nearly completed the harvest. According to the operational data of the Ministry of Agriculture and Food, by the end of the first 10 days of October 98 percent of grain and pulse crops had been threshed. By that date the gross grain harvest had reached 80 million tonnes.

A further 5 million hectares of grain have yet to be harvested in West and East Siberia. Quite good weather has now set in there. In the past week machine operators have harvested over 1.5 million hectares and dispatched 3 million tonnes of grain for cleaning.

But with the completion of the harvest work, the peasants are going to have scarcely less work to do, particularly when it comes to the sale of grain. Our nouveau-riche businessmen with their rapacious ways, government policy geared to paying country people as little as possible and even that late, the nosedive by the ruble, and so on and so forth leave the grain growers little hope that their earnings from the grain will be in any way equivalent to the labor and costs that have gone into growing it. Best not to think about profits given the current general instability....

While work in the grainfields nears completion, the picture is different when it comes to the harvesting of other, mainly late crops. Only 63 percent of the sugar beet has been lifted, for example. The low work rate in this case is due not only to frequent rain, but also to continuing hiccups in the supply of fuel, lubricants, and other materials and equipment to the countryside. Specialists believe that if the work rate remains the same the roots could remain in the ground over large areas, and then the problem of providing the population with granulated sugar would be critical. In completing the harvest, the beet growers must also take into account the fact that farms reduced the area sown to sugar beet by 220,000 hectares this year. The yield is poor over large areas because of the lack of fertilizers.

It must not be forgotten that because of the monopoly position of the processing enterprises that appropriate a

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goodly portion of the finished product, private growers have practically ceased growing sugar beet. In these conditions literally every sugar beet will be worth its weight in gold.

There is much work to do also with other industrial crops: Only 50 percent of the grain sunflowers have been harvested and the harvesting of flax continues.

Vegetable and potato growers are faced with a mountain of work: Only 55 percent of the vegetables have been harvested, together with 87 percent of the potatoes.

Military Issues

Gromov Attends Strategic Missile Forces Inspection

MM1710114794 Moscow KRASNAYA ZVEZDA in Russian 15 Oct 94 p 2

[Report by Aleksandr Dolinin: "In Tough Regime"]

[FBIS Translated Text] Every day about 20,000 missile troops are on duty at combat posts and in crews and shifts of the Russian Strategic Missile Forces. Combat readiness here is constant. And so no inspection on its state, whether planned or sudden, will take anyone unawares. Inspections on the units and formations in the Strategic Missile Forces take place over the course of the entire year.

The missile forces also appeared without ostentation to Colonel General Boris Gromov, Russian deputy defense minister, who visited them for an end-of-training inspection. The schedule for his work in the formation under the command of Major General Vladimir Yakovlev is full enough. On the first day together with the formation leadership the deputy minister examined a whole series of problems facing the missile forces. Alas, they are typical. They include primarily meager financing, because of which difficulties are emerging in capital construction and in preparation for the winter, and housing problems are becoming exacerbated.... In brief, the strategic troops cannot be considered an elite in this respect. They reached the unanimous opinion that you will not help matters by complaining about the difficulties, you must seek reserves.

Colonel General Gromov assessed the missile forces' actions during the three-day command staff training exercising, succinctly noting: "The task was fulfilled." He visited the command point of one division and visited the units on alert duty. That included the RS-12M ("Topol") missile complexes. At his meetings with officers and ensigns the deputy minister emphasized the special need to ensure nuclear safety and to maintain the Strategic Missile Forces equipment and weapons in a state of combat readiness. It was also noted that the missile forces' mood is a combat-alert one, that they understand the importance of their tasks, and are resolving them with great responsibility.

The results of the inspection will be made known 17 October.

Plan To Cut Army Food Allowance Assailed

MM1710132394 Moscow KRASNAYA ZVEZDA in Russian 14 Oct 94 p 1

[Commentary by Lieutenant Colonel Ivan Ivanyuk: "From One Scandal to the Next. KRASNAYA ZVEZDA Has Learned about Another Attack by Finance Ministry Officials on Servicemen's Living Standard"]

[FBIS Translated Text] The anti-army attacks, which for a long time were mainly verbal and were quite openly expressed in some of the mass media, have now switched almost unnoticed to other drier and more succinct papers which do not have a wide circulation, like the newspapers, but can still find expression in very concrete forms. It is hard to tell straightaway just how and why this has happened. Perhaps someone decided that since the public already thinks of the Army as a "sponger and parasite on the whole people" the time has now come to employ the levers of officialdom too. Perhaps there are no political implications here. Perhaps it is simply that there is an ever-increasing number of people at various levels of power who want to command the market economy—by supply and demand, inflation and stagnation, budget revenue and expenditure—without introducing complex mechanisms there. And which people are the easiest to command? The men in uniform, of course. They do not represent all that large a reserve for plugging the gaps in the economy, but on the other hand this method is easy and reliable.

No sooner had the people in the Armed Forces realized that for several months the state had been paying them 1.5-2 times less than servicemen in other "power" structures than a new surprise was sprung on them—they were subjected to total persecution for supposedly traveling without tickets in public transport. Officers and ticket inspectors in packed buses and commuter trains are continuing to debate whether the Law on Benefits for Servicemen should be honored, while in government corridors aides have started carrying folders full of draft tax reforms in which they propose that servicemen shoulder a hefty proportion of a tax burden which few people in the country want to bear.

KRASNAYA ZVEZDA has already written about all these things, and the transport situation is dealt with yet again in this issue. To generalize previous comments, it can be said, using army language, that the offensive against servicemen's rights is being conducted on a broad front based on a variety of plans from from the Federation Council, the State Duma, the government, and the departments. In this context how can we ignore the latest Finance Ministry initiative which the editorial office has learned about—"to make amendments to the current legislation on questions of servicemen's food provision."

It has to be said that the idea, which finally crystallized in the fall, was "floated" among various circles back in the spring. Back then they expressed it somewhat differently: Those who do not take food rations in kind should receive

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monetary compensation not for their full value but to the equivalent of one minimum wage. When we mentioned this proposal in the past we did not even consider it necessary to dwell on it in detail because it was so hopeless and absurd. Any sensible person could see that from that moment on no one would turn down the food ration because then they would have to spend a vast amount of money and effort procuring, storing, and transporting food. And only then if they managed to avoid the notorious shortages.

Now the Finance Ministry is taking far more drastic action—there will be no food rations issued to the troops at all except for instances where this is connected with the conditions of military service. The rest will get compensation payments equivalent to the minimum wage. Hypothetically speaking, if an airman flies today he has to be fed, if not he has to manage without being fed. But someone whose duty is to crawl in the dust at test ranges cannot fly, as we know. In that event the Finance Ministry plans to deprive him of his food rations.

In other words, this is an attempt to restore the setup which existed before the adoption of the Law on the Status of Servicemen without making any allowances for the market. What it actually does is to change the law considerably for the worse. The plan is to take away the food rations of NCO's and those on extended military service (including those serving under contract now as well)—those who always received the food ration. Even the 20 rubles [R] so-called "bread" money paid to officers in times gone by enabled them to feed themselves more or less tolerably. But what can you buy for R20,600 nowadays? For example, in Moscow this minimum wage is only two-thirds the cost of a single public transport ticket, not to mention the cost of the subsistence minimum. And how many military camps are there in the Armed Forces where the food ration is the only real food for an officer and his wife and children, especially given the delays in the payment of wages? Military pensioners are also suffering because of the reduced pension—everyone is affected without exception.

I have always wanted to know who actually draws up such proposals? Does he weigh up all the pros and cons on scales known to him alone, does he prepare feasibility studies and calculations, and does he submit them to the top authorities? Who are these people who have neither a general's rank nor a command post but who control the lives of hundreds of thousands of people in uniform? Have they themselves or their sons ever served in the Army? Have they ever visited a hostel for officers even once in their lives? I have never managed to get these questions answered. One of the most powerful aspects of the civil service apparatus is its facelessness. But with regard to the Finance Ministry's latest initiative, chance lent a hand. The editorial office received a phone call from a "source" in that ministry who said that the main initiator of the implementation of the document in question is Yelena Afanasyevna Presnova, deputy chief of a leading administration at the Finance Ministry. It is hard for us to judge how far she is the "main" initiator here, but there is no doubt that Yelena Afanasyevna's post enabled her to exert a direct and decisive influence on the preparation of the new initiative regarding the military and influence the adoption of important decisions on the Armed Forces...

There is one last question in today's discussion which is by no means of least importance: What economic "effect" are the Finance Ministry specialists hoping to achieve at the expense of the Army's rations? It works out at around R0.5 trillion. I do not know if these people have seen the vehicles on the roads carrying soldiers with placards which read "We want to smoke!" but do they not realize that because of their generosity the children of officers and NCO's could take to the streets in military camps holding placards reading "We want to eat!"? So what is worth more: the R0.5 trillion which could be saved in the course of a year or social stability in the Army and Navy? Why rock even more the boat in which we are all traveling and which has been rocked so much by the currency market scandal in recent days? The other day, as we know, the Russian president dismissed acting Finance Minister S. Dubinin. I would like to hope that the new leader of the financial department will have sufficient political farsightedness and professionalism not to cause new scandals but to put a stop to the "creativity" of certain Finance Ministry apparatchiks with their ceaseless attacks on the living standard of servicemen and members of their families.

In conclusion there is only one thing to add: Staff at the Finance Ministry itself are given around R70,000 a month for food.

Federal Assembly

Duma Committee Recommends Gerashchenko Resignation

LD1710122694 Moscow ITAR-TASS in English 1152 GMT 17 Oct 94

[By ITAR-TASS correspondent]

[FBIS Transcribed Text] Moscow October 17 TASS—The State Duma committee on budget, taxes, banks and finances decided on Monday to recommend to lawmakers to adopt the resignation of Central Bank Chairman Viktor Gerashchenko, but to keep him as acting chief banker until a replacement is found.

The decision was adopted by 15 votes in favour and eight against.

Gerashchenko handed in his resignation to the president on Friday after an unprecedented collapse of the rouble.

No candidates to replace Gerashchenko were named at the meeting of the committee which said that it was the job of the president, according to the constitution.

In the meantime, TASS learned from sources in the Central Bank that in case Gerashchenko's resignation is approved, his team of deputies may also quit the job.

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The Association of Russian Banks plans to nominate several candidates for the post of the chief banker and is going to hold consultations with State Duma factions and the presidential administration, President of "Incombank" Vladimir Vinogradov told a press conference on Monday.

He did not disclose any names either, but said the appointment of the Central Bank chairman is a "political issue" which cannot be done in haste.

"I would like that a professional occupies the post who is capable of defending the economic interests of the country", Vinogradov said.

Rumours said monetarists Yegor Gaydar and Boris Fyodorov were among the candidates considered by the president for the post of the chief banker.

However, a presidential aide warned on Monday that a monetarist could even aggravate the current economic crisis.

"A monetarist in position of the Central Bank chairman will immediately send Russia with its current economic structure into an American-style great depression", Mikhail Delyagin, chief expert of the analytical centre at the Russian president, told TASS on Monday.

He believes that Gerashchenko was in 1991 "the only professional" recognised by Western colleagues and his experience of the head of the Soviet State Bank added international prestige to the new Russian leadership.

Gerashchenko is "a banker of God [as received] who realises that we do not live on pages of a manual", Delyagin said and stressed that he could always choose the less harmful out of an immense amount of the evil.

Delyagin, however, admitted that Gerashchenko liked to adopt "explosive" decisions, but explained that it is impossible to act otherwise in the country as "considerable corruption undermines every possibility to keep financial and political secrets".

Deputies To Challenge Yeltsin

LD1710165794 Moscow ITAR-TASS in English 1602 GMT 17 Oct 94

[By ITAR-TASS political analyst Tamara Zamyatina]

[FBIS Transcribed Text] Moscow October 17 TASS—This parliamentary week the State Duma will have occasions to show determination in relations with the president and the government.

Deputies of the lower house of the Federal Assembly will hardly put up with the fact that the resignation of the Central Bank's chairman Viktor Gerashchenko was endorsed by the president's decree, and not by the Duma with its constitutional powers. Therefore a debate on Gerashchenko's resignation planned for October 19 will most probably be used as an occasion to challenge the president rather than keep Gerashchenko in the post from which he voluntarily resigned.

Mikhail Mityukov, the deputy speaker of the State Duma, told ITAR-TASS that the constitution does not offer an interpretation of a voluntary resignation of the Central Bank chairman. Therefore deputies will have no opportunity to refer to the fundamental law in order to reproach president for exceeding powers. Much rather, Duma deputies will try to have a revenge when a new candidature for the Central Bank chairman, to be presented by Boris Yeltsin, is endorsed.

In view of a recent plunge of the rouble, the Central Bank should be headed by a tough monetarist of the type of Boris Fedorov or Yegor Gaydar.

The attention of observers is now riveted to these candidatures. It is characteristic that Boris Fedorov who had not yet received from Boris Yeltsin an official invitation to head the Central bank, told reporters he was ready to consider such a proposal.

Yegor Gaydar refuses to comment on the possibility of his assuming the post. It became known to ITAR-TASS that he will keep from statements on this matter for two days. If Gaydar really had no wish to head the Central Bank, he would undoubtedly state his views to get political dividends. His declining comment may mean either that Gaydar has already received such a proposal from the president or that he expects it and is unwilling to prevent it by premature statements.

But then, with taking into account the alignment in the State Duma, it can hardly be imagined that the parliamentary majority of communists, agrarians and members of Zhirinovskiy's party would support the appointment as chairman of the Central Bank of a candidature from Russia's Choice or the December 12 Liberal- Democratic Union that are hated by the opposition.

The initiative of the faction of the Democratic party of Russia for a motion of confidence in the government is planned to be discussed by the Duma on October 21. Leader of the faction of communists Gennadiy Zyuganov told ITAR-TASS that this debate would not conclude in any definite decision.

He believes with that the lack of a candidature for the post of premier acceptable for all factions, the article of the constitution under which a repeated vote of non-confidence in the government by the State Duma entails the dissolution of the lower house of parliament will be looming over deputies as the sword of Damocles.

Thus the executive and legislative branches of power in Russia are well-aware that the deepening of debates on the candidature of the Central Bank's chairman and on the motion of confidence in the government will inevitably lead to another political crisis in the country.

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Duma To Discuss Confidence in Government 27 Oct

LD1710121794 Moscow ITAR-TASS World Service in Russian 1135 GMT 17 Oct 94

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Translated Text] Moscow, 17 Oct (ITAR-TASS)—The State Duma will discuss the question of confidence in the Russian Federation government on Thursday, 27 October, and not Friday [21 October] as earlier planned. An extraordinary sitting of the house will, therefore, be held 27 October. The Duma Council made this decision at its meeting today. Vladimir Isakov, chairman of the Duma Committee for Legislation and Judicial Reform, reported this to journalists.

He said discussion of confidence in the government was postponed because the Duma's agenda for this Friday was overloaded while the question could be examined on 27 October during "detailed debates".

Vladimir Isakov reported that "on 27 October or the following day" the Duma will discuss the draft 1995 budget as well, which will be presented by the government, and also proposals from the Cabinet of Ministers on changes in the tax system.

The chairman of the Duma committee also said that today's Duma Council meeting decided to hear the government's report on fulfillment of the 1994 budget on Friday 21 October. First Deputy Prime Minister Oleg Soskovets is expected to speak on this issue.

Republican Party To Vote No-Confidence

MK1810094094 Moscow SEGODNYA in Russian 18 Oct 94 p 2

[Report by Gleb Cherkasov under the "Transformation" rubric: "Republicans Dissatisfied With Government's Work, But Still Committed to Reform Course"]

[FBIS Translated Text] To all appearances, the Russian Republican Party [RRP], which has until recently been included in the presidential-government camp, has begun drifting in the direction of the "democratic opposition." At its political council meeting, which was held last weekend, a decision was made to recommend that State Duma deputies from the RRP vote for no- confidence in the Chernomyrdin government. If the prime minister proposes an acceptable program of action, however, Vladimir Lysenko and his colleagues are ready to give their backing to Mr. Chernomyrdin. The RRP does not intend to oppose the strategic reform line, but it insists on changing the methods of carrying it out. While the republicans' influence in the State Duma can be described as marginal (currently the RRP group includes three deputies), however, and while their stance on confidence or no-confidence in the current government will certainly not be of primary importance, a certain change of stance by the party itself deserves particular attention.

In the fall of 1993, the RRP had sufficient organizational potential not only to conduct the "Yabloko" bloc's election campaign, but also to give "Russia's Choice" tangible support. Despite the outflow of some republicans to the Democratic Choice of Russia and an acute conflict inside the party which resulted in the walkout of State Duma deputies Vyacheslav Shostakovskiy and Igor Yakovenko, the RRP has retained a ramified regional structure.

Ilyukhin Asks Why No Russian Firm in Oil Venture

MM1710114594 Moscow NOVAYA YEZHEDNEVNAYA GAZETA in Russian 15 Oct 94 p 1

[RIA report: "The State Duma Security Committee Chairman Demanded an Explanation"]

[FBIS Translated Text] Viktor Ilyukhin, chairman of the Duma Security Committee, has demanded that a detailed substantiation of the Russian-U.S. project for opening up the oil field in the Timano-Pechora basin be submitted to the State Duma. As his letter points out, rights to develop the field are being granted to three U.S. companies and one Norwegian one—and not to a single Russian one.

Regional Affairs

Groznyy Challenged To Produce 'Captured' Officer

MM1710160994 Moscow IZVESTIYA in Russian 18 Oct 94 p 4

[Unattributed report: "Russian Military Not Held Captive in Groznyy"]

[FBIS Translated Text] In order to confirm or refute the report carried by news agencies that Russian military personnel had been taken captive in Groznyy, IZVESTIYA contacted Rostov—location of the headquarters of the North Caucasus Military District whose subunits, according to official Groznyy, are taking part in hostilities on the opposition side.

District Commander Colonel General Aleksey Mityukhin had already recently denied these charges, stating that his subordinates "have not taken part in the conflict, are not taking part, and will not be taking part in the future in hostilities on Chechen territory...."

His position was the same this time as well : None of his officers had been captured, nor could they have been since the district is not involved in the conflict, he told our correspondent. "Moreover," the general said, "everything is being done to rule out the possibility of provocations against North Caucasus Military District servicemen—all movements of both military subunits and individual servicemen near the conflict area have been reduced to a minimum."

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The Defense Ministry Press Center also denied the report that Russian Army officers had been captured. "If somebody has been taken so-called captive, then the Chechen authorities should prove it and hold a press conference—as happened with the Federal Counterintelligence Service staffer," the Defense Ministry Information Directorate's duty officer added.

Chechen Opposition Vows New Attack

LD1810083594 Moscow ITAR-TASS in English 0815 GMT 18 Oct 94

[By ITAR-TASS correspondent Sharip Asuyev]

[FBIS Transcribed Text] Groznyy October 18 TASS—The situation in the Chechen capital of Groznyy was quiet on Tuesday [18 October], however the opposition promised new attacks on the city in the near future.

The report came from the "peace-keeping" group of the former Russian Parliament Speaker Ruslan Khasbulatov which has resumed its TV broadcasts.

Representatives of the opposition said the weekend fighting near Groznyy was combat reconnaissance and a new attack is planned on the capital in the coming days.

In the meantime, well-informed sources in Groznyy told TASS on Tuesday that Usman Imayev, the prosecutor general of Chechnya who was seized by the opposition, was freed on Monday and is at home. Details of the release were not immediately known.

Return To Old Positions

LD1610165894 Moscow INTERFAX in English 1554 GMT 16 Oct 94

[FBIS Transcribed Text] Following a retreat from Groznyy, the armed formations under the command of Chechnya's opposition Provisional Council, have returned to their positions near the Terskiy mountain pass 40 kilometers northwest of the Chechen capital on Sunday, Adnan Khatuyev, a spokesman for Ruslan Khasbulatov's so- called peace group told Interfax.

He said there was no more fighting during the day. He also noted that President Dudayev had turned down the ultimatum, refusing the end resistance. A rally was held in Groznyy's central square on October 16. It was addressed by Dudayev who announced that the operation to seize Groznyy had failed and urged supporters to get united for the sake of Chechnya's independence.

Sources in the Provisional Council believe that Dudayev was not strong enough to offer more resolute resistance, which suggests that his positions are weak. In their estimate, the government forces had not made any effort to penetrate into the opposition-controlled regions, including the village of Tolstoy Yurt, where Khasbulatov's peace group is headquartered, and the village of Znamenskoye, where Provisional Council leader Umar Avturkhanov is based.

Chechen Interim Council Chairman Interviewed

MM1710131594 Moscow IZVESTIYA in Russian 15 Oct 94 First Edition p 4

[Interview with Umar Avturkhanov, chairman of the Chechen Republic Interim Council, in Nadterechnyy Rayon by special correspondent Aleksey Chelnokov; date of interview not stated: "Umar Avturkhanov: Counting in Days and Hours"]

[FBIS Translated Text] Nadterechnyy Rayon-Moscow—IZVESTIYA special correspondent Aleksey Chelnokov met with the chairman of the Chechen Republic Interim Council in Nadterechnyy Rayon.

[Chelnokov] In your view, how long will the relatively passive confrontation between the opposition and Dzh. Dudayev continue?

[Avturkhanov] In September alone the Interim Council united forces had seven battles with Dudayev's armed formations. Up to 20 heavy armored vehicles were destroyed, two aircraft were shot down and five were destroyed on the ground, antiaircraft guns and a "grad" system were seized, a missile base was taken under control, and hundreds of gunmen were killed. Today the enemy is demoralized and has been driven back virtually inside the center of Groznyy, where our commandos are successfully conducting subversive operations in broad daylight.

To call such resistance "passive" is probably not entirely accurate terminologically. We devoted the beginning of October to staff and field exercises. We are rehearsing collaboration between air forces and ground forces.

Our main problem is not to enter Groznyy and take it—we can do that in a few hours. The main thing is how to conduct this operation in a technically irreproachable way avoiding big losses not only by the civilian population but also by the young boys deceived by Dudayev. But I know for sure that an end will be put to Dudayev's regime before the end of the year.

[Chelnokov] What is Khasbulatov's role in the Chechen events: a peacekeeping one, or the role of a future contender for the post of head of the republic?

[Avturkhanov] It is a different one. This man is fulfilling his moral duty to the Chechen people. In the fall of 1991 the Russian leadership, including Khasbulatov, made a political mistake which objectively assisted the accession to power of the former Soviet general Dzh. Dudayev—a dangerous adventurist and mentally unhealthy man.

Now, using his public prestige, Khasbulatov considers it his civic duty to promote the establishment of a constitutional system in the Chechen Republic. At the first stage of our mutual relations there were some complications: Without thoroughly investigating the correlation of forces he tried to act as arbiter between the Interim Council and Dudayev. But after a number of armed operations made

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under instructions from the former general, Khasbulatov with his group has fully supported the Interim Council's line to overcome the crisis.

Nor can there be talk of Khasbulatov claiming any kind of power in Chechnya. Moreover, he has given firm guarantee he will not run for Russian or Chechen representative organs of power. So that there is no "Khasbulatov factor" in Chechnya.

[Chelnokov] Will you have any chance of success left if the Russian Federation leadership refuses to grant the Interim Council financial and other aid?

[Avturkhanov] As we know from official reports broadcast by the Russian mass media, the Interim Council is recognized by the Russian Federation president and Government. That is a sufficiently serious level of relations, which does not presuppose any zigzags in the sides' relations.

And what are we to understand by financial aid.... Legally the Russian Federation is obliged to supply us with the money included in the budget. That money has been and is being distributed by us for every purpose apart from a military one. We have no "Military Expenditure" item.

A somewhat distorted idea has formed of how the civil war in Chechnya is proceeding, and with what money. On leaving Chechnya the Russian army left behind mountains of weapons and armored vehicles, some of which have spread through the villages. So that volunteers are fighting with their own weapons. We have bought up some of the weapons using rayon funds (I have in mind Nadterechnyy Rayon which has not been subordinate to Dudayev for three years now) and also using donations from Chechen businessmen.

[Chelnokov] Do you allow of a situation in which Russian Federation regular military subunits will be obliged to set foot on Chechnya's territory?

[Avturkhanov] An army is an army and as a military man I can state unequivocally that regular army subunits do not have the right to interfere in civil events. And the situation in Chechnya does not require the army's intervention—it can be normalized by Interim Council troops.

[Chelnokov] In talking with ordinary Chechens on the streets I often heard you being accused of being a "Kremlin puppet," virtually a traitor to the people's desire for independence.

[Avturkhanov] These "simple Chechens" are not numerous and, figuratively speaking, divide into two detachments. The first includes those who support Dudayev for various reasons. The other consists of those who do not accept the regime but who either through cowardice or caution do not want to enter into an open battle. They seek moral justification for themselves: I would have gone to fight but Umar Avturkhanov is Moscow's henchman." I do not feel sorry for them. Thanks to these "simple Chechens" Dudayev's regime has held out for three years.

'Reserve' Railroad Constructed To Skirt Chechnya

MM1710113794 Moscow ROSSIYSKAYA GAZETA in Russian 15 Oct 94 p 2

[Report by Lyudmila Belyudyugina: "Railroad Bypassing Chechnya"]

[FBIS Translated Text] A North Caucasus Railroad Troops Directorate has been set up in Nevinnomyssk. Several units of military construction personnel have already been moved to Stavropol Kray from the Baykal-Amur Railroad.

Military construction personnel are ready to begin construction of a railroad branch line bypassing Chechnya. Specialists think that the railroad must be built regardless of when and whether the "Chechen issue" is resolved and when the mayhem and looting on the railroad stops.

They think that the "reserve" double-track railroad will deprive national extremists of an argument and the temptation to dictate terms to Russia by means of terror on the railroad, which is the only one connecting the country with its southern borders.

Premier Attends Novorossiysk Port Conference

MM1710125394 Moscow TRUD in Russian 15 Oct 94 p 3

[ITAR-TASS report under the rubric "News from Neighboring Regions": "Novorossiysk"]

[FBIS Translated Text] Viktor Chernomyrdin, chairman of the Russian Government, who is vacationing in Sochi, paid a working visit to Novorossiysk, where he took part in a conference on problems of the development of existing and creation of new maritime and river port transshipment complexes on the Azov and Black Sea coasts of Krasnodar Kray. The conference coincided with a kind of anniversary—it was exactly a year ago that the government adopted its program on the revival of the Russian merchant fleet, in which the Azov and Black Sea basin is assigned a significant place. Quite a lot has been done since then. The feasibility study on a new commercial port on the Black Sea has been completed. The modernization of the grain transshipment complex in the port of Novorossiysk is nearing completion. The comprehensive master plan for the development of the "Temryuk" port is also virtually completed.

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Filatov Chairs Roundtable on Caucasus Security

MM1710132794 Moscow ROSSIYSKAYA GAZETA in Russian 15 Oct 94 p 1

[Unattributed report: "'Roundtable' in Honor of Anniversary"]

[FBIS Translated Text] Participants in a "roundtable" held in the North Ossetian capital as part of the celebrations marking the 220th anniversary of Ossetia's joining Russia and the 210th anniversary of the founding of the city of Vladikavkaz spoke yesterday about "restoring peace, security, and stability in the Caucasus and broadening and strengthening relations of friendship, cooperation, and mutual understanding between peoples."

Delegations from the Russian Federation and the republics, krays, and oblasts of the North Caucasus and representatives of Azerbaijan, Armenia, and Georgia, as well as Nagorno-Karabakh and South Ossetia, took part in the "roundtable" chaired by Sergey Filatov, leader of the Russian presidential staff.

Semenov Inspects Siberian Military District Units

MM1810091594 Moscow KRASNAYA ZVEZDA in Russian 18 Oct 94 p 1

[Report by Aleksandr Beklich: "Commander in Chief Has Inspected Siberian Garrisons"]

[FBIS Translated Text] Colonel General Vladimir Semenov, commander in chief of the ground forces, under whose leadership a Russian Federation Defense Ministry Commission worked from 10 through 15 September at the Siberian Military District, has inspected a number of units and military higher educational establishments in Omsk.

During the inspection special attention was paid to the state of the units' combat readiness and the solution of the servicemen's socioconsumer problems.

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International Affairs

Kuchma Meets U.S. Businessmen, Stresses Investment

LD1710194094 Kiev UNIAN in Ukrainian 1700 GMT 17 Oct 94

[FBIS Translated Text] Kiev [no dateline as received]—Ukrainian President Leonid Kuchma today met Glenn Hutchins, the chairman of the Entrepreneurship Fund for New Independent States, and Scott Carlson the fund's chief managing director.

Leonid Kuchma said that, to Ukraine, the fund was of vast importance, as its activity is aimed at developing private enterprise in Ukraine. He added that attracting investment on the largest possible scale was needed to implement the program delivered in a report to the parliament.

The fund's representatives, in their turn, told Leonid Kuchma about the mechanisms and principles of its operation.

The meeting was also attended by William Miller, U.S. ambassador extraordinary and plenipotentiary to Ukraine.

IMF To Consider Loan Application

LD1710214694 Kiev UNIAN in Ukrainian 2015 GMT 17 Oct 94

[FBIS Translated Text] Kiev—The Ukrainian government on 17 October signed a letter of application to the International Monetary Fund [IMF] for the provision for Ukraine of a systemic transformation facility.

Signed by Ukraine's National Bank board chairman Viktor Yushchenko and Prime Minister Vitaliy Masol, the letter contains a request for the IMF to back Ukrainian reform, the essence of which was set forth in a memorandum of intent on carrying out economic reform in Ukraine.

Laurence de Milner, the IMF permanent representative in Ukraine, has informed UNIAN that the IMF board of executive directors on 26 October will hold a session to consider the application from Ukraine as a fund member for the support of its program. If this program is approved, he said, the systemic transformation facility's first tranche in the sum of $350 million will be electronically transferred to Ukraine on 27 October.

Asked by UNIAN about the destination of this sum, Laurence de Milner said that the money would be paid into the National Bank of Ukraine reserves, with some of it to be received by the Ukrainian Interbank Currency Exchange.

Moroz on Terms for Joining NPT

LD1710160894 Moscow ITAR-TASS in English 1540 GMT 17 Oct 94

[By ITAR-TASS correspondents Viktor Demidenko and Mikhail Melnik]

[FBIS Transcribed Text] Kiev October 17 TASS—"Ukraine's joining the Nuclear Non-Proliferation Treaty is a matter of time. As soon as nuclear powers make real steps to give security guarantees to Ukraine, the ratification of the Nuclear Non-Proliferation Treaty will enter an automatic regime," ITAR-TASS was told today by Ukrainian parliament chairman Oleksandr Moroz.

Moroz pointed out, however, that "the pressures from different international organisations are humiliating for Ukraine." The parliament chairman said "the Ukrainian state, which has made radical strides to reduce its nuclear potential and which cannot and won't use its nuclear legacy, deserves more."

According to Moroz, Ukraine would have long ago ratified the Non- Proliferation Treaty if the ratification were not made a term whenever a Ukrainian economic project was discussed. Such demands are humiliating to the Ukrainian parliament and come from countries which should follow Ukraine in its peaceful course, Moroz stressed.

The parliament chairman thinks the Non-Proliferation Treaty very imperfect. He said many countries, including nuclear ones, have been infringing it for years. Moroz said a general agreement should be drawn to be mandatory for all treaty members and others. Moroz believes the agreement would efficiently bar the nuclear spread. He thinks such an agreement must comprise all provisions of the existing Non-Proliferation Treaty.

"I believe to accomplish that is the responsibility of the world community, and the United Nations should have a main role here," the parliament chairmen said.

According to Moroz, he repeatedly proposed to convene an international conference to discuss the new general agreement. It should be a mandatory document for all states rather than an alternative to the Non-Proliferation Treaty.

The parliament chairman stressed that his stance was endorsed by Ukrainian president Leonid Kuchma.

Official Comments on Talks With Russia

AU1510154694 Kiev HOLOS UKRAYINY in Ukrainian 12 Oct 94 p 5

["Topical Interview" with Oleksandr Ivanovych Bozhko, acting chief of Administration for CIS Countries at Ukraine's Ministry of Foreign Affairs, by Natalya Filipchuk; place and date not given: "Agreement Is Better Than Money, Especially When the Economy Is in the State of Lethargy]

[FBIS Translated Text] **As is known, it is planned, in a few weeks' time, to sign the "Agreement on Friendship, Cooperation, and Partnership Between Ukraine and Russia." On 11 and 12 October, delegations, working on the document, held a scheduled meeting in Kiev. A coordination of positions continues.**

We asked Oleksandr Bozhko, acting chief of Administration for CIS Countries at Ukraine's Ministry of Foreign Affairs, to comment on the course of events.

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[Filipchuk] The agreement that is being prepared is the first document of such significance to be signed by Ukraine and Russia. Please tell us at what stage the work on it has reached.

[Bozhko] The preceding agreement—on the principles of relations between the Russian Soviet Federated Socialist Republic and the Ukrainian Soviet Socialist Republic—was signed in 1990. It is now necessary to have a document that would regulate relations between Ukraine and Russia as independent states. More than 80 percent of it has been coordinated. Several positions that need to be further elaborated by the delegations remain. Similar, so-called "framework" agreements have already been concluded with many CIS countries, particularly with Georgia, Azerbaijan, Kazakhstan, and Uzbekistan. Work on the Ukrainian-Belarusian agreement is nearing completion.

[Filipchuk] There are three stumbling blocks in the relations between Ukraine and the Russian Federation: The Black Sea Fleet, the Crimea, and energy sources. Will the agreement affect the resolution of these issues?

[Bozhko] Gradually, step by step, we are approaching their resolution. In my opinion, the establishment of normal economic cooperation not only with Russia, but with all of our neighbors, both near and distant, must be the culmination of this process.

Sometimes one side or another is blamed for disrupting economic ties, but people seem to forget that it was a natural consequence of those epochal changes that took place on the territory of the former USSR. The status of republics, which have become independent states, has changed, but, what is more important, the social formation and forms of economic management are changing.

It is the task of Ukraine's Ministry of Foreign Affairs and of other departments involved in preparing bilateral and multilateral agreements to free our economy's blood vessels from clots, so that the economic organism would start working at full capacity. This is what is supposed to be achieved through agreements that Ukraine recently signed with Kazakhstan and Uzbekistan. A package of agreements with Belarus, Moldova, and Armenia is being elaborated....

I am convinced that the resolution of the majority of our problems, including political ones, lies in establishing economic ties with all states.

[Filipchuk] What is your attitude toward the statement by Mr. Ryurikov, Russian presidential assistant for external political issues, who said at a news conference in Kiev that there would be no signing of the document unless it incorporated a clause on dual citizenship?

[Bozhko] I would say that this must be his personal opinion. In Russia, as also in Ukraine, different political forces see the Agreement in different ways. However, I want to believe that the delegations will find a variant that will satisfy both sides. It must be stressed once again that, for the Ukrainian delegation, our state interests are of fundamental importance. Besides, as far as I am concerned, the right to dual citizenship has not, so far, been included in any of the agreements concluded among the CIS countries.

[Filipchuk] Oleksandr Ivanovych, perhaps, not all Ukrainian citizens will agree with you, and there will also be people, who will totally disagree with you. The latter category of people compare the new Agreement with the document once signed by Bohdan Khmelnytskyy [in 1654 on the unification of Russia and Ukraine]....

[Bozhko] Well, first, there is still no agreement, which is in the process of preparation. Second, I will allow myself to paraphrase the lines of our well-known poet: "Myrhorod is different now and Ukraine is also different...." We work in order to achieve Ukraine's political independence. It is directly associated with the state's well-being.

I am convinced that it is only an economically powerful and strong Ukraine that will feel secure, will withstand external pressure, and will be able to restrain the separatist ambitions of some politicians. That is why, alongside the major agreement, about 20 economic and legal accords with Russia alone are being prepared for signing. A legal foundation for our relations with other states is also being elaborated.

[Filipchuk] There are many rumors and allegations regarding the aforementioned document. Emotions have been fueled after the publication by several Ukrainian papers of the draft agreement. How will you comment upon this fact?

[Bozhko] I will point out right away that the draft agreement makes a provision for the rights of the Ukrainian minority and its cultural and ethnic development in Russia, just like of the Russian minority in Ukraine. Regarding the "illegal" publication of the draft document, my attitude to this is negative. Of course, the concern of the public about the future of the Ukrainian state is perfectly understandable.

However, let us regard this fact from a different point of view. It is inconceivable that such a document would appear in the press during negotiations between two civilized, as some people like to put it, countries. It is, first and foremost, an indication of the lack of a serious approach on the part of the partner, who is unable to ensure a confidential nature of the negotiations. That is why I believe that those publications did much harm to Ukraine's image. Besides, generally speaking, is it appropriate to draw conclusions while the negotiating process is still in progress? Therefore, let us not be in a hurry and let us allow politicians and diplomats to complete what they are doing.

Space Cooperation Treaty With Russia Prepared

LD1710132494 Kiev UNIAN in Ukrainian 1210 GMT 17 Oct 94

[FBIS Translated Text] [no dateline as received] Ukraine should conclude a trilateral agreement with Russia and

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Kazakhstan on setting up a commercial company that would assume the maintenance of part of the infrastructure of the Baykonur cosmodrome, from which the space launch vehicles "Zenit" and SS-18 are launched. Andrey Zhalko-Tytarenko, acting director general of Ukraine's National Space Agency, expressed this opinion in a conversation with a UNIAN correspondent. He is convinced that this would make it possible to reduce budgetary expenditure considerably on rocket launches and on maintenance of part of the cosmodrome.

The head of Ukraine's National Space Agency also reported that a treaty with Russia on cooperation in rocket and space technology is already prepared, which can be signed during Boris Yeltsin's visit to Kiev. Ukraine provides flight control systems for the "Proton" and "Soyuz" complexes and key elements of the refuelling system of space launch vehicles to the Russian space program. However, Zhalko-Tytarenko stressed, supplies to Baykonur should be linked with the price of rocket launches from this cosmodrome.

In the last few days a Russian-Ukrainian satellite was launched from the "Plesetsk" cosmodrome. In particular, it will make it possible to get information from other Russian satellites, of which Ukraine does not have analogous ones. According to Zhalko- Tytarenko, the next launch of the Russian satellite "Resurs" with the Ukrainian space launch vehicle "Zenit" is planned for the end of November from the Baykonur cosmodrome.

Russia Calls Off Purchase of Bombers

LD1710190794 Kiev UNIAN in Ukrainian 1700 GMT 17 Oct 94

[FBIS Translated Text] Kiev [no date as received]—UNIAN has learned from sources close to Ukraine's Defense Ministry that the Russian Federation has turned down an offer to purchase several TU-160 strategic bombers deployed on the territory of Ukraine.

Colonel General Ivan Oliynyk, deputy defense minister for armaments issues, during his recent working visit to Moscow by a Ukrainian Defense Ministry delegation, signed a protocol of intent at the level of both countries' chiefs of Defense Ministry directorates, under which the Russian side agreed to buy the heavy bombers provided they were totally operational.

The same sources said this prompted the Ukrainian side to spend around 20 billion karbovantsi for routine maintenance. Later, however, Russia, declined to go through with the purchase explaining this by a lack of funds. It is estimated that each of these aircraft could have fetched 25 million dollars.

Observers believe this issue will probably be raised during Russian President Boris Yeltsin's visit to Kiev.

National Affairs

President Kuchma's Economic Proposals Viewed

WS1710143094 Kiev INTELNEWS in English 1014 GMT 17 Oct 94

[Report by INTELNEWS Staff Writer Oleh Borsuk]

[FBIS Transcribed Text] Ukraine served notice that changes will finally take place in its ailing post-communist economy, with President Leonid Kuchma saying Tuesday in parliament that "there is no alternative but to start real economic reforms."

The program spelled out by President Kuchma is regarded by analysts as the most serious reform program ever drafted by the Ukrainian Government. The program plans to reduce the budget deficit from the current 20 percent of GDP to 8 percent in 1995, to 6 percent in 1996 and 4 percent in 1997.

The program envisages liberalizing the economy by easing taxation, accelerating small and large-scale privatization, and making foreign currency regulations market-friendly. In its crucial undertaking, Ukraine is counting on both domestic and foreign investments.

A World Bank study said if Ukraine starts real economic reform immediately, it could expect economic growth at an annual rate 6 to 7 percent in 1996. However, a delay with reforms would put the country in big trouble for many years, the study said.

The new economic policy promulgated by President Kuchma calls for radical economic reforms. Kuchma assumed the full responsibility "for decisiveness and consistency" of economic restructuring. "Only a president with a nationwide election mandate can assume such responsibility," Kuchma said.

1. Financial Stabilization

The fundamental principle of the program is effective anti-inflation policy and monetary stabilization, which will rely on the national currency. The program admits that the National Bank of Ukraine-sponsored tough monetary policy is not enough to sustain long-term monetary stability. "The structure of the financial system should be radically reformed to overcome the severe financial crisis," the program said.

Means Of Financial Stabilization

The program targets the national budgetary system in 1995. The Cabinet of Ministers will submit a budget bill to parliament by Nov. 1 that would separate the central and local budgets, as well as budgets of state-owned enterprises. The central government will focus only on expenditures of primary importance for the state, but may allocate subsidies to certain regions in order to even the social-economic development of the country.

The taxation system is to be liberalized and decentralized to stimulate production. Tax imposed on gross income will

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be replaced with a profit tax. The tax on individual earnings will be significantly reduced. The rate of the value added tax (currently at 28 percent) will also be decreased, with measures taken to eliminate any double taxation. Land taxes will be increased, and a property tax imposed. Meanwhile, tax collection from both companies and individuals will be beefed up. Failure to pay will be regarded as a challenge to the economy and will be answered with administrative and criminal charges, the program said.

Budget expenditures will be reduced via price liberalization and a gradual reduction of the subsidies that filled the gap between the price and production cost of basic items. Subsidies currently directed to producers will be re-channeled to consumers to help the poor. The state's bureaucratic apparatus expenditures will also be cut.

By the end of this year, the government will establish a state debt-servicing market, issuing state bonds, loans and short-term treasury notes. The government will also develop a system to auction off securities according to their real market value, taking into account inflation and other factors. Investors in state securities will receive tax breaks. Banks will have the right to mortgage state securities in order to get credits from the NBU [National Bank of Ukraine].

Government ministries and local authorities will be granted the right to issue securities to raise funds for special programs.

A special financial body—The National Committee on Open Market—will be established by 1995 to supervise the equity market.

Overcoming the Payment Crisis

Promissory notes will be circulated to promote a "civilized" debit-credit relationship between enterprises. To this end a property mortgage system, including mortgage of capital assets and privatized land plots, should be developed. Financial institutions to handle the transactions will also be created.

Enterprise executives will face administrative and criminal charges for delaying financial settlements between companies or late payments for commercial banks' credits. Enterprises will have to pay taxes and fees to the budget after they receive profits, but not in advance, as under the current system.

A strict bankruptcy procedure will also help overcome the payment crisis. Banks will have the right to name clients in bankruptcy, and will have priority rights obtaining money from asset liquidation.

The government reserves the right to bail out enterprises whose operation is deemed crucially important for the state.

Exports will be liberalized, using softer taxation and currency regulations, while a "flexible system" to protect the domestic market is to be imposed.

To speed up the circulation of money in the economy, salaries will be paid on a weekly rather than monthly basis.

The so-called state order system will be cut back in line with the budget reductions. The program plans to recover much of the shadow economy's output by easing the taxation system, liberalizing prices and unifying the official and market exchange rates. "The President of Ukraine regards banking reform and the strengthening of the banking system as a priority of its economic policy," said Kuchma in parliament. The main goal of banking reform is to create a two-level banking system according to which the central bank—the National Bank of Ukraine—will focus on monetary stabilization, while other "commercial" banks will concentrate on providing a range of banking services.

Kuchma supports independence for the NBU and its exclusive accountability before Parliament. He also favors an eight-year appointment for the NBU Governor, which "will ensure the NBU's leadership stability," he said.

To promote changes in the banking system, an Interdepartmental Consultative Council on Banks, including representatives from the NBU, parliament, Cabinet of Ministers, Commercial Banks Association and others, will be set up. The government will regulate banks independent of the NBU, rather than through the NBU, as is done currently.

Kuchma plans to increase the number of commercial banks to increase their role in the economy's transformation and to decrease banks' taxation. Under the plan, commercial banks will be more widely involved in privatization and liquidation of loss-making enterprises.

Other plans are to create a National Land Bank, a National Mortgage Credits Corporation, a Bank of Housing Construction Credits, and other smaller banking institutions to service farmers, small business, students and others.

Monetary Reform

The government has given up the idea of fixing the economy relying on the karbovanets—supposedly an interim currency. "The opportunity to build a market economy with the help of the Ukrainian karbovanets is gone," Kuchma said. Ukraine should introduce the hryvnia—supposedly the "permanent" currency for reforms, he said.

"The long delay with respect to the hryvnia's introduction is one of the greatest miscalculations of past economic policy," Kuchma said.

He refused to specify the date of the monetary reform, but said it "should not be endlessly delayed."

Hard Currency Policy

The main direction of hard currency policy will be the gradual liberalization and decentralization of the hard currency market during the remainder of the year, including the re-opening of the Ukrainian Interbank Currency Exchange and unification of the exchange rates.

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In line with the monetary reform, the government plans to fix the exchange rate of the hryvnia to one of the major foreign currencies and to abolish the official circulation of hard currency on the Ukrainian market as legal tender. To make a transaction, all entities will have to convert foreign currency into hryvnias.

The government may also mortgage state property on both domestic and foreign markets in order to obtain funds for the hryvnia's stabilization. The government will use the International Monetary Fund's credits as well as credits from other foreign institutions for the same purpose. The NBU should actively intervene on the market to stabilize the exchange rate, said Kuchma.

2. Institutional Transformations

The program aims to initiate institutional transformations spurring radical changes in the ownership system, as well as to create a competitive environment, market infrastructure and a self-regulated market system. All these transformations will be executed with the aid of enhanced government regulation.

"As a result of the state's neglect of market infrastructure formation, we created a 'wild market,' which resulted in the flourishing of the shadow economy," Kuchma said.

Sweeping price liberalization is the basis for the coming institutional transformations, according to the program. This price liberalization should coincide with large-scale privatization and the monopolization of the economy, Kuchma said.

Price-Setting Policy

The strategic objective of the new price-setting policy is elimination of any price deformations and distortions, with future unification of domestic and world prices. "The only possible way to resolve this problem is stage-by-stage price liberalization and gradual move toward the free market price setting system, based on the demand and supply combination."

However, to ensure industrial production and social climate stability in the country, the government "will control and regulate price liberalization," the program said. The government will promote an active anti-monopoly policy, enhancing the importance of the Anti-Monopoly Committee. Other measures are to include regulation of monetary and credit emissions, hard currency stabilization, tax breaks to stimulate the supply of goods and services on the market as well as stimulate the accumulation of individual wealth.

While liberalizing many prices, the government will retain control over some of them, including coal, municipal services, public transportation and housing natural gas. The liberalization of these prices will be conducted on stage-by-stage basis.

To promote the monopolization of the economy, Kuchma said an Interdepartmental Monopolization Committee will be established.

Ownership System Transformations

The new economic policy will promote a market economy featuring a mixed ownership system putting state-owned, private and collective property ownership forms on an equal footing.

Kuchma said he favors sweeping privatization, which would be regulated by the government. The program hopes to create a layer of capital owners and shareholders, counting on the middle class as a basis for further economic reforms. Kuchma criticized the previous economic policy in this regard, saying "it resulted in privatization going the wrong way, which does not correspond to national interests."

Stock Market Development

The modern stock market is the main vehicle to successfully privatize and corporatize the economy, according to Kuchma. The stock market would help to raise funds to effectively manage the economy's restructuring, he said.

To develop the stock market, the government will establish a special Commission on Securities to provide regulations, control and protection of rights on the security market.

A computerized stock exchange to provide free security trading is to be set up. Personnel training for the stock market will be a priority, Kuchma said, adding that international aid will be partially spent for this purpose.

The task of creating a stock market requires changes in current legislation. Before parliament passes the necessary laws, Kuchma will issue several decrees to get the process off the ground.

Privatization Improvement

The program credits its predecessors by saying that much of the groundwork for acceleration of privatization and corporatization of state-owned enterprises has already been laid. Kuchma wants the total completion of small-scale privatization in 1995 and to transform some 8,000 of large and mid-size enterprises into the opened joint stock companies.

To boost privatization, the government will launch cash-circulated privatization vouchers starting next year. To eliminate the underassessment of property undervaluing, the government will promote auctions and tenders to sell off properties. The government will also ensure the technological cycle is not violated at the large enterprises as a result of privatization. Investors will receive assurances from the government that privatized property land plot ownership and use rights will be legally allocated to the owner.

The program aims to get institutional investors interested in privatization. Commercial banks and foreign investors will be granted enhanced rights in their involvement in privatization. Earnings from privatization will be channeled for industry's modernization and renovation.

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Management of State-Owned Enterprises

The government will increase its control over those enterprises which are to continue to be state-owned. To improve management of these enterprises, the government will reform the management system, meaning more strict direct governmental control over a handful of special enterprises. This will include power generation, nuclear materials production, weapons, special equipment and ammunition, special transportation, postage, special communications, utilities and some other industries. These enterprises will face mandatory state orders, salary funds, profits distribution and government controls. "The rest of the enterprises will enjoy full independence and the regulation of the market," Kuchma said.

Development of the Private Sector

The governmental policy is to spur the private sector of the economy, "which should become the real competitor of state-run enterprises," Kuchma said.

The program developing the private sector will include new laws to regulate and promote private business activity. To get the program started, Kuchma is expected to issue several decrees to stimulate private entrepreneurship. The decrees are to streamline the taxation policy, re-channel part of privatization earnings and to attract foreign investments to develop the small business.

"The president will favor national capital formation and increasing competitiveness on the international market," said Kuchma, reassuring his strong position against the capital-drain from Ukraine to foreign banks.

To promote economic restructuring, the government will favor different ownership systems, including joint ventures with foreign companies.

"Special attention in the restructuring will be paid to the creation of financial-industrial conglomerates (FIC's), uniting industries linked by a joint technological cycle with banking capital," Kuchma said. This move would spur investments into the economy, he said. The conglomerates will be busy carrying out long- term central and regional economic programs, maintaining scientific- industrial potential, make the economy more flexible and increase the country's exports, Kuchma said.

"The financial-industrial conglomerates will re-establish new ties between former Soviet enterprises," Kuchma said. He will issue several decrees to get the project off the ground by establishing a Coordinative Expert-Analytical Commission on Financial-Industrial Conglomerates to examine the proposals for establishment of FIC's and by maintaining a register of all conglomerates. The restructuring will transfer most economic management and social security functions from central to regional governments.

3. Structural Policy

The government will favor the accumulation of investments to promote the structural transformations. The population will be encouraged to accumulate their earnings, Kuchma said. The government will increase amortization allocations to better renovate enterprise capital assets. The amortization rate currently is 3.4 percent of the GDP, while the target figure is to be 10 to 12 percent, Kuchma said. Other investment sources are to include earnings from privatization, institutional investors and commercial banks.

The government plans to attract foreign investors to accelerate the restructuring. "If we count merely on domestic investment resources, the economic restructuring would take 25 years or even more," Kuchma said.

According to Kuchma, the restructuring will focus on developing the scientific and high-tech technology industries, which "will represent Ukraine in the future." The priority will be given to agriculture, including oil seeds and sugar beet production and processing. The program would surge Ukraine's agricultural exports, Kuchma said.

The structural transformations will take three stages, with the food and textile industries to propel the first stage. The second stage will be initiated after financial stabilization is achieved, the stock market is working and financial-industrial conglomerates are operating. The second stage will target an increase of the accumulation of assets to 20 to 25 percent of the GDP, to fund sweeping technological upgrading of the economy.

The third stage is a transformation to a "normally" functioning economy with the free flow of capital on the market.

4. Housing Policy

The state housing policy will be revised to develop a mortgage system to credit housing construction, free housing trade on the market, increase of housing construction and elimination of state subsidies for housing.

The government will reduce the list of people to whom it gives free housing, will recognize private ownership for housing and introduce a real estate tax.

5. Agriculture Policy

The strategic goal of agricultural policy is to foster real land owners, as well as social-culture development for the rural regions and solving the food supply problem. "We should bring Ukraine's agriculture up to world quality levels," Kuchma said.

Land Reform

Private ownership for land should dominate the agricultural transformation policy, said Kuchma. "This is a principle position of the president in this key question," Kuchma said. He said this policy will be inevitably conducted by the executive branch of government.

According to Kuchma, radical land reform is required in order to realize the idea of private property on land. The reform, however, will allow for all forms of land ownership, including state, private and collective.

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The issue, however, is being differently perceived in deferent parts of the country. That is why "we should understand that there is not a consensus on this issue," Kuchma said.

Since legislative changes are needed to implement this part of the package, Kuchma will shortly issue a decree to speed up land reform.

According to Kuchma, land reform will coincide with wide-scale privatization in agriculture, focusing on food processing and sale. Starting in 1995, the state monopoly on food processing and the wholesale purchasing of agricultural products will be eliminated. Governmental spending to buy products from farmers will be reduced 8 percent of the current level.

6. Foreign Trade Policy

The program hopes to increase the country's exports through the liberalization of export regulations. This is supposed to integrate the country into the world economy. Kuchma said he will push to apply for membership in the General Agreement on Tariffs and Trade and the World Trade Organization.

One of Ukraine's priorities will be closer economic ties with Russia and other former Soviet states. However, "Ukraine will not return to the single ruble zone," Kuchma said. "This would lessen our prospects and even be a dangerous move," he said. However, Ukraine may advocate the creation of a new supra-national monetary unit in the future.

Ukraine will attract foreign investments mostly in the sphere of high-technology, processing industry, agriculture, transportation and communications. To temporarily regulate imports, Ukraine will use protectionist measures to help local industries, Kuchma said.

7. Social Policy

The macroeconomic transformations will coincide with social programs to ease the burden for the population. However, the government hopes to turn on the motivation among the people to increase their labor productivity. The government will work to reduce mass unemployment as well as focusing on the health care system, education and culture.

According to the program, the minimum wage will not be less than the official poverty level. That is why the minimum wage is supposed to increase in 1995 to 30-40 percent of the average salary in industry. This figure will rise to 60 percent, as recommended by the World Labor Organization, Kuchma said.

Since the government will abolish housing subsidies, it will pay the poor to compensate for the price increase. According to government calculations, the average monthly housing expenditures should not be more than 15 percent of the average salary in Ukraine. The government also plans for more social expenditures to be paid from the regional budgets.

8. Pushing Market Reforms

In order to control and facilitate the pace of economic reform, Kuchma appealed to Parliament to establish a Supreme Economic Council, which would consist of the parliament speaker, the prime minister, the economics and finance ministers, the NBU governor, trade union leaders, and leaders of the Union of Industrialists and Entrepreneurs and Private Business Foundation. The council would tackle the most important questions dealing with strategy and tactics of economic reforms.

To provide for a strong, vertically-commanded system of executive power, Kuchma has established a consultative Council of Regions. "Without such centralization, it would not be possible to reform the economy," Kuchma said. Kuchma also set up a council of experts, consisting of prominent business people and specialists to advise him on economic matters. Kuchma also appealed to all political parties to conclude a Social Contract Agreement to consolidate all political forces in moving toward the market economy.

Kuchma Aide Urges Reform, Reduced Budget Expenditures

WS1810114194 Lvov VYSOKYY ZAMOK in Ukrainian 11 Oct 94 p 1

["Part" of interview with presidential economic adviser Volodymyr Kuznetsov by UKRINFORM correspondent O. Noskova; place and date not given: "We Will Prosper If We Live Through the Fall and Winter..."]

[FBIS Translated Text] UKRINFORM correspondent O. Noskova has interviewed presidential economic adviser Volodymyr Kuznetsov. We decided to present our readers only with the part of their conversation in which the "president's right-hand man" made a prediction regarding an end to Ukraine's deep economic crisis.

[Kuznetsov] There are a range of preconditions which must be in place. Let me put the question in the following way: What will happen if we delay our reforms and ignore recommendations by the international community in the form of IMF proposals, such as the unification of a hard currency exchange rate, liberalization of prices and foreign trade, and a reduction of the budget deficit? If we fail to do this, we will end up in economic isolation, and it is easy to predict what will happen inside the country and which political forces will capitalize on it. Ukraine will find itself in the same situation as Cuba and North Korea. This is the bleakest of prospects.

If we make a resolute step toward a market economy, we may still have a chance for survival. After all, Russia, Kazakhstan, Kyrgyzstan, and the Baltic states went along with these recommendations. The level of their development and the living standards of their people are much higher than in our country. Reforms speak for themselves.

I would like, however, to note that even with reforms being under way, we would be in for some hard times, but only

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over a certain period of time. Yes, the fall and winter would be difficult. But if we move ahead with the measures which we must take—to slash subsidies for the coal-mining industry and municipal property, as well as increase public transportation fares, because our poverty- stricken state is not capable of paying for all this from its budget—we will have a reason to hope for the better. One should relieve the budget of all artificial expenditures. After this, the situation will be difficult but not hopeless.

Rukh Favors President as Head of Government

LD1710184594 Kiev UNIAR in Ukrainian 1535 GMT 17 Oct 94

[FBIS Translated Text] Kiev, 17 Oct—The Rukh group has on the whole approved the strategic areas of reforming the economy proposed in the Ukrainian president's speech: "We consider," the resolution notes, "that the Supreme Council should clearly state its position with regard to supporting these basic principles and safeguard their legislative provision. The new economic policy can only be implemented if the present government is changed: the new government should be headed by the president himself. The entire system of executive power should be reformed with the establishment of an executive vertical structure and the abolition of superfluous structures, in particular in the Cabinet of Ministers of Ukraine, and a personnel reshuffle in ministries and departments," the resolution stresses.

Rukh has made the following comments to the contents of the speech:

1. Considering that the CIS is a structure without any future and in approving the policy toward developing equal bilateral relations, the Rukh group cautions against excessive integration within the framework of the CIS and is against the creation of any supranational structures which could lead to a partial loss of Ukraine's sovereignty;

2. The position on land reforms requires clarification in the area of more state support for new forms of ownership and management;

3. The position concerning the creation of municipal ownership and mutual relations of the state executive powers and local self-government requires clarification;

The Rukh group advises the president to adopt immediate and decisive measures to guarantee Ukraine's economic safety in connection with the sharp fall in the rate of the karbovanets.

The Rukh group stresses once again that the Supreme Council's economic program, approved at the initiative of the socialist group, (parliamentary procedure was violated and there was no debate) is one-sided and declarative and cannot be the basis of the state's economic policy.

'Radical Steps' Not Needed To Implement Land Reform

LD1710151394 Kiev UNIAN in Ukrainian 1335 GMT 17 Oct 94

[FBIS Translated Text] Kiev—On 17 October, Oleksandr Moroz, the chairman of the Supreme Council informed journalists about the decision which the parliament should adopt on 19 October after debating Leonid Kuchma's speech. In particular he said: "We should approve the resolution that should support the president's steps as a whole and introduce certain proposals on deepening the speech's individual provisions. The president did not expound his position on supporting investments, including Western investments and on creating industrial and financial groups, clearly enough.

"In my view, as regards land reform it is necessary to do what is envisaged by our legislation, the land code, and two resolutions of the Supreme Council of the previous convocation on land reform. Today the state survives on account of the countryside and agriculture. During my conversation with Kuchma I based my point of view on land reform on the fact that in Ukraine the law has allotted more than 25 percent of land for market reforms. There is a law on farming that envisages the right of land sale. This right already applies to private plots. In other words, the right to private ownership has a real basis in the form of allocated land resources. But this does not mean that one must immediately start trading in land. The value of land should be included in the value of a commodity that is produced on it. It is possible to do this through a system of payment for land use or through a system of lease payments etc. The stabilization of the monetary unit will then follow.

"At present we do not need any radical steps in order to implement land reform, carry out an inventory of land, or change the internal economic relations between commodity producers. It is necessary to complete what was planned long ago and what the people are already doing."

Donetsk Oblast Pro-Reform Leaders Praised

WS1710123694 Lvov POST-POSTUP in Ukrainian 21-27 Sep 94 p A3

[Article by Maryana Chorna: "Donetsk Supernovas"]

[FBIS Translated Text] *In April, Donetsk Bolsheviks, having promised to provide people with everything—from sausages to a restored Soviet Union—celebrated their victory in the legislative elections. As it turned out later, the celebration was premature. The Communist Party of Ukraine [KPU] and the Socialist Party of Ukraine lost the local elections hopelessly and found themselves in the absolute minority in the Donetsk Oblast Council, as well as in the Donetsk and Mariupol City Councils. The post of the oblast city head was won, instead of by two-time Communist Chuprun or at least "pinkish" Lohvynenko, by Volodymyr Shcherban, a "capitalist and Mafioso." It was a scandal on an all-Donbas, if not all-Ukrainian, scale. All observers are puzzled over this phenomenon: There exist a multitude of explanations, ranging from those stressing Shcherban's impeccable election campaigning to those claiming assistance from "Russian imperialists."*

Everything was simpler—as in Galicia, the principle of a political pendulum came into action. The KPU and other parties had deflected this pendulum as far as possible to the

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left and forced their way into parliament on the basis of unrealistic populist slogans. The same thing happened in Galicia with the Ukrainian Conservative Party, the Ukrainian Self-Defense, and partly the Congress of Ukrainian Nationalists. During the course of a month, the electorate had admired their heroes enough, and the pendulum in the Donbas region swung back to the right, while in Galicia—it moved back to the left and stopped in "centrist" position. The only unusual thing in this situation was the speed with which change occurred. Demagogy was only good for one month.

The real impetus to the Donetsk revolution was imparted by the development of entrepreneurship. Under local circumstances, this was marked by a specific character—the Donetsk organization of KPU and the leftists were not going into business since they already had everything without doing that. Therefore, the majority of local entrepreneurs have not originated in the bosom of the KPU Oblast Committee and are not covered with the birthmarks of communism. The have grown in spite of the KPU, not because of it. The reds engendered their monsters, such as the "Ukraine" Joint Stock Company or the "Nord" closed joint stock company, while preserving their virgin communist purity in political matters, and fiercely attacking not only national democrats, but also Kravchuk's pitiful market effort. Young businesses in Donetsk emerged under conditions closely resembling those of combat. An "unforgettable" service of the Donetsk organization of the KPU, was a cruel natural selection which was applied to the entrepreneurs. Only a few have managed to survive this selection process, but they are qualitatively unique.

The only refuge for beginners in private business was the Donetsk City Council headed by Yukhym Zvyahilskyy at that time. The former manager of the Zasyadko mine, who was declared "father of the coal clan of Donetsk Oblast," was not an angel, but not a fool either. The Donetsk coal mining executives, pressed by stiff Russian competition, had to "extricate themselves" out of it (the Kuzbas region had had a better start and, therefore, it benefited from the accomplished reform). They could not even dream the sweet life of metallurgists, with their export dumping, or subsidized agrarians and defense industrialists.

Saplings matured, moving from the "business" stage to the "politics" stage with breakneck speed. In addition, the difficult "childhood" under the whip of the Donetsk KPU promoted the understanding of the following simple truth—if you want to live, you must get rid of leftists, otherwise they will swallow you up without salt and pepper. Therefore, their anti-communism is congenital. At the same time, their ideology was formulated on the basis of their personal experience. Its pivotal proposition was personal economic freedom, whereas the Donetsk Stalinist boilerroom was the best illustration of the tenet that "man without property is a slave." Therefore, it is logical that the young politicians have begun to change their orient themselves from the East toward the West, not so much toward Ukraine's west, as toward the Euroamerican West, of the neoliberal type. The legislative elections were won by a brave minority—Volodymyr Shcherban, Yevhen Shcherban, Mykhaylo Pozhyvanov, and two or three unsteady adherents. In the Supreme Council, they dispersed among various factions.

Next, the local elections were held, and Volodymyr Shcherban was elected chairman of the Donetsk Oblast Council, while Mykhaylo Pozhyvanov—mayor of Mariupol. We were only a few minutes into the first 100 days of the new Donetsk administration when it first made its mark. The first session of the Donetsk Oblast Council lasted for 30 minutes—the new council chairman halted revelry of the Soviet-style democracy. Two leading KPU activists were banished to the "most important" commissions for environment and human rights. In September, the Donetsk City Council obstructed the Cabinet of Ministers and the State Committee for Coal Industry, because a commission including Deputy Prime Minister Dyuba and Coal Industry Committee Chairman Surhay, having held a month-long session, could not think of a better way out of the coal crisis than returning to the nostalgic times of Stalin's "Mining Statute." Contrary to the opinion held by the council of mine managers, Volodymyr Shcherban has proposed his strongly market-oriented measures. This did not cause rejoicing in the Cabinet of Ministers and among the managers. However, rejoice is exactly what was done by the Donetsk Strike Committee of the Independent Trade Union of Coal Miners, whose leaders Krylov and Volynko have been urging a market solution to coal mining problem for the past five years. The have felt at last that the authorities understand them. This fact may be rife with consequences: the Donetsk Independent Trade Union of Coal Miners is quite a real force... After that, the new oblast leadership got down to the "sacred national relic"—collective farming. The essentially pro-market program proposed by Shcherban was dumped on the heads of Donetsk's frighted "agrarians," which includes: an immediate privatization of 100 out of 400 collective farms; price liberalization; the abolishment of permanent credits which evaporate like dew in the Sahara; the abolishment of state subsidies, which (what an idea!) Shcherban intends to use as targeted assistance to socially vulnerable consumers. Needless to say that this program has invoked existential longing, mixed in with some rage, from the agrarians. "Alternate ideas" from the left-wing forces—food ration cards—were met by the oblast head with an icy remark: "The state is no social security office!" He maintains that the economy should be governed by economic laws, not by an economic chimera.

Events in Donetsk were unfolding at the speed of light. Following the "coal revolution" and the "agrarian shock psychotherapy," Ye. Shcherban and Mr. M. Pozhyvanov, served up the next surprise, which shocked not only the Donbas region. To celebrate the 215th anniversary of the city of Mariupol, they invited virtually the entire "Reforms" faction, with V. Pynzenyk, O. Yemets, and S. Teryokhin, as well as Mr. Kovalski and Mr. Kaufman representing the International Bank for Reconstruction

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and Development [IBRD]. Vasyl Kuybida, mayor of brotherly Lvov, was also in attendance.

This warm gathering told the people a stream of proper things about unity and economic reform. Russia's representative—the mayor of Yeysk in the Kuban region—seemed to be pretty concerned about the whole thing, having seen this Donetsk-Kiev-Lvov team, because he delivered his speech... in Ukrainian. The proceedings were held in an idyllic atmosphere, having revealed only one imperfection to the refined Ukrainian's eye—there was a little too much Hutsul folklore—that is a bit too exotic in the background of the Azov steppes.

Following that, the well-chosen attendees arrived in Donetsk, where they presented their full political and economic accord of fighters for the Ukrainian reforms "from the San River to the Don" with the participation of an American partner. For starters, Volodymyr Shcherban quickly, and to the point, crushed the Cabinet of Ministers' coal commission and outlined his own approach to the coal mining issue—a change of technologies, in particular, scrubbing technologies; the active utilization of mine methane; a maximal conversion to the solid fuel [coal] to break our dependency on Russian gas; and the reviving of the coke industry, since foreign currency profits are urgently needed. He stressed that no Western investor with common sense would invest in a state- run enterprise. Consequently, privatization is the cornerstone of everything.

Next, Pynzenyk took the floor, approving the "insanity" of the Donetsk team and its all-out drive toward true reform. He stated that he is impressed by the Donetsk plans in general and, in particular, by the idea to use the assets of mass privatization to finance social programs and small business. Following this, he clearly described all the ins and outs of the "federation issue," the eternal meningitis of the Ukrainian politics. He explained to those in attendance that it is necessary to discriminate between separatism and federal aspirations, which developed on the basis of that 70

of the local budget raked out and eaten up by the Kiev nomenklatura.

The IBRD representatives, having listened to all this, said that there is no difference in positions, therefore there is no need to transform the conference into a debate. Mr. Kaufman also stated that the IBRD leadership usually visits only capital cities, but Donbas, given its current situation, was worth making an exception to this rule.

The openness, perhaps even demonstrativeness, with which the new Donetsk team expounded its political sympathies, was really impressive under the circumstances. Against the backdrop of hysterical anti-Ukrainian propaganda coming from local left-wing forces, the cooperation between Donetsk's new leadership and the national democrats looked very much like a challenge, as, incidentally, was the case with the whole direction of their economic ideas. Furthermore, all this was being done quite consciously and intrepidly. Possible "misunderstandings" on the part of his electorate were completely rejected by M. Pozhyvanov, while V. Shcherban stated that he does not recognize political myths (the division between western and eastern Ukrainians). Regarding the sharp turn from communism to capitalism in Donbas, he feels quite confident about this issue, because: "I have not lied to the people, so I have no reason to be afraid of anything. I will do what I have said I would do. If I had not believed in these reforms, I would not have undertaken them at all." [passage within quotation marks in Russian]

Something has to give way: either the Kiev wall or the Donbas head, which has undertaken the task of breaking down the wall. Having said "A," the Donetsk fighting squad will be forced to say political "B." Facts are inflexible things and do not leave any doubts as to the nature of the newly born political elite. If one rejects xenophobia, a typical phenomenon in our postcolonial situation, it will become obvious that the new wave from the Donetsk steppes [probable reference to the "New Wave" political coalition in Lvov] expounds, consciously or not, the all-dominating statehood instinct which has caught on one simple thing: Today's all-Ukrainian fever comes from the same source—the economic catastrophe which, in its turn, comes from the three year socialist dance in place. The era of flag waving should be followed by an era of reality. Reform in Ukraine today is catching up with Ukrainian statehood. This has been understood by pragmatic circles in Donbas, which in their nature are fundamentally different from, if not opposite, to the Interregional Bloc of Reforms or, even more so, to the Civic Congress of Ukraine. These are politicians oriented actively and openly toward Western models and values. In spite of the fact that they are Russian speaking (or, perhaps, due to this?), they suffer no inferiority complex to the Russians, and treat their neighbors with a healthy indifference to their strength. Russia is a possible economic partner, but not a fetish, because Russia itself is being supported by the G-7. This is a new form of patriotism based on a solid realistic truth: "He who has an economy has a country!" It is self-evident that Shcherban's economic aspirations cannot be realized consequently in the Donbas region alone; this was also what Galicia bumped its head against some time ago. No budget "federalism" will help here. Ukraine's "pinkish" authorities were ready to grant independence to Donbas to turn it into a Ukrainian CISDniester area, a guarantor of the USSR's restoration. However, Donbas has chosen independence for economic reforms to irrevocably make the paper declaration of our independence real. Under such circumstances, there is no lack of those desiring to break the neck of the Donbas team, for it is very dangerous.

On the left bank [of the Dnepr river] and in the south, as well as partly in the center, there are more activists resembling the Donetsk team, so it is quite possible that they will find among Shcherban and Company a leader, for whom they have long been looking. This danger has been anticipated by the left wing. A ferocious struggle by the

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credentials committee against the new appointees, Hennadiy Vasilyev (V. Shcherban's team) and Oleksandr Yemets (the "Reforms" faction), testified that the communists have felt a danger of political centrism. As for the Cabinet of Ministers, it is in mortal danger from the Donetsk "stars" with their anti-nomenklatura economic program. There is also the Dnipropetrovsk clan of metallurgists and defense industry people, who do not need this even more....

Therefore, there are attempts to leash Donetsk. A month after the elections, a "home Waterloo" was launched against Zvyahilskyy; next, Zvyahilskyy's man, Varnaka, head of the Donetsk Directorate of Internal Affairs was discharged on a voluntary-compulsory basis; Slednev, manager of the Donetsk Machine-Building Plant, was also fired. Blows have not been dealt directly to Shcherban and Company, but they hitting very nearby.

Discord of the oblast-committee type has begun. Will the Donetsk team, with no nomenklatura heritage, accept, and be able to work with, the rules of the game adopted in a jar with party committee spiders from the stagnation era? Likewise, will the Kiev jar, in its turn, put up with young and flashy rivals? Hardly.... There is already open talk in Donetsk that the all-Ukrainian crown, rather than the local Donetsk one would fit Volodymyr Shcherban. This will not be a calamity for Ukraine. So it seems. The path to this crown, however, will be thorny, unless the coal miners put into operation their polished mechanism for impeaching one or all of the branches of the Ukrainian government to introduce their corrections into this process. All the more so, if they are joined in this by western Ukrainians, with their existential aversion to the current bodies of authority. We have already had early elections under such circumstances. Notwithstanding the election results, the POST-POSTUP prognosis proved true: Donbas has become the second Piedmont of the Ukrainian revolution.

Tsekov Calls for Crimean-Ukrainian Coordination

LD1710154394 Kiev UNIAN in Ukrainian 1335 GMT 17 Oct 94

[FBIS Translated Text] Simferopol—At a news conference dedicated to the results of a trip to Moscow by a delegation from the republic's Supreme Council presidium on 17 October, Serhiy Tsekov, the chairman of Crimea's Supreme Council, said that it was an official visit at the invitation of Ivan Rybkin, the chairman of the Russian State Duma. During the visit, meetings were held with leaders of the State Duma, parliamentary groups, and heads of standing commissions of the State Duma.

Touching on the question of regulating relations between Ukraine and Crimea, Tsekov said: "The necessary decisions are now being elaborated. We would like it not simply to be a case of bringing the legislation and Constitution into line with Ukraine's legislation and Constitution, but one of coordinating the legislation of Ukraine and Crimea." Tsekov stressed: "The legal basis exists for this. This is the law on the status of the autonomous Republic of Crimea, the law on the delimitation of powers between the bodies of state power of Ukraine and Crimea, and the treaty on the delimitation of the budgets." Tsekov expressed the hope that the parliaments of Ukraine and Crimea would find mutually acceptable decisions on this issue.

With regard to the Crimean president's powers, the chairman of the republic's Supreme Council noted that the president has basically been assigned representative functions. However, according to the Constitution, he continues to remain the head of the executive power and a higher official of the republic.

New Crimean Government Appointments Listed

LD1410132494 Kiev UNIAR in Ukrainian 2215 GMT 13 Oct 94

[FBIS Translated Excerpt] Simferopol, 13 Oct—A plenary session of the Crimean Supreme Council approved the new government of the republic. [passage omitted] Deputies voted to approve the following deputy prime ministers nominated during joint parliamentary group meetings 12 October: for economic affairs, Arkadiy Demydenko (Crimea's former deputy minister of state enterprise management); for implementation of economic reform, Andriy Senchenko (former deputy chairman of the Council of Ministers in the government of Borys Samsonov); for health care, social security, and ethnic affairs, Ilmi Umerov (member of the Kurultay parliamentary group, member of the Crimean-Tatar People's Majlis); for education and social policy, Ihor Ivanchenko (former deputy chairman of Simferopol city executive committee); and for the agro-industrial complex, Fedir Snehiryov (member of Crimea's Supreme Council Presidium, chairman of the Standing Commission for Agriculture and Food).

The following ministers were approved: of Economics, Volodymyr Shyshkin; of Industry and Power Engineering, Serhiy Mykhaylov (former first deputy minister of industry, acting minister in the government of Yevhen Saburov); of Recreation and Tourism, Borys Zazhyhayev (former chairman of the State Committee for Recreation and Tourism); of Culture, Oleksandr Tarkhov; of Education, Anatoliy Solodchenko (former first deputy minister of education); of Social Security, Edem Ennanov; of Finance, Milord Opananskyy (former chairman of the State Committee for Price Formation at Crimea's Council of Ministers).

The posts of ministers of agriculture, health, justice and internal affairs, and head of Crimea's Security Service remain vacant.

The following were approved as state committee chairmen: of Construction, Serhiy Romanenko (former chairman of Krymahrobud Trust); of Housing and Communal Services, Yevhen Nanyak; of Foreign Economic Relations, Volodymyr Shcherbyna; of Material Resources, Heorhiy Barkhidyan; of Conservation and Use of Historical and Cultural Monuments, Yuriy Moharychev; of the Environment, Viktor Musiyanenko; of Youth Affairs, Serhiy

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Valezhanskyy; of Physical Culture and Sports, Mykola Hostev; of Consumer Protection, Ivan Hurey; of Land Resources, Fedor Rentas; of Nationalities and Deported Citizens, Osman Adamanov; of Architecture and Urban Planning, Oleksandr Hutsalenko;of Water Industry, Viktor Lemishev; and of Forestry, Anatoliy Kovalskyy.

Appointments for state committee chairmen were approved as a list by 65 votes in favor.

In a concluding speech Crimea's Prime Minister Anatoliy Franchuk said that these decisions now enabled the government and the Supreme Council to establish cooperation and together to overcome the economic crisis in Crimea. [passage omitted]

Crimean Parliament Chairman Views Presidency

LD1710132194 Moscow ITAR-TASS in English 1250 GMT 17 Oct 94

[By ITAR-TASS correspondent Lev Ryabchikov]

[FBIS Transcribed Text] Simferopol October 17 TASS—The institution of the Crimean president will, most evidently be preserved, however, the head of state will perform purely representative functions, according to Chairman of the Crimean Parliament Serhiy Tsekov.

He did not rule out a possibility that the issue of impeaching President Yuriy Meshkov may be raised in parliament. "Our parliament is not homogenous and I do not rule out that such a question may be raised by some faction," he told a press conference on Monday.

Tsekov stressed that the peninsula is now a parliamentary republic and the president is "purely a representative figure." The parliament can return to the question of abolishing the presidency, but most evidently, it will be preserved," the speaker said.

Dwelling on relations with Ukraine which demanded that the legislation of the peninsula be brought in correspondence with the national one by November, Tsekov made it clear that he wants to coordinate legislations rather than to subordinate the Crimean one to the Ukrainian. "We would like to leave the field of bringing laws in correspondence and get into the field of coordination of legislative acts," he said and added that "a treaty on relations between Ukraine and the Crimea is being prepared."

The speaker said his parliament is ready to cooperate with all political forces in Russia, rather than to concentrate on any specific ones.

Crimean President 'Not Recognizing Realities'

MM1710161994 Moscow IZVESTIYA in Russian 15 Oct 94 p 2

[Report by Nikolay Semena: "Crimean Parliament Ratifies Its New Government En Bloc"]

[FBIS Translated Text] Simferopol—In under two hours 13 October the Crimean Supreme Council ratified the appointment of five government vice premiers, seven ministers, and 14 state committee chairmen. Without discussion. En bloc.

The "Russia-Unity" faction's demand for a discussion of the candidates and a vote on each one separately was rejected by a majority vote, and the entire faction walked out of the hall, "not wishing to take part in this spectacle."

Crimean Communist Party leader L. Grach, deprived of the right to speak at the session, gave a press conference in which he also fiercely criticized the Supreme Council's approach to the government's formation and qualitative composition. He said that "the confrontation between the president and parliament has resulted in the triumph of the Crimean Economic Revival Party lobby, which consists of businessmen and which has brought to power a government capable neither of continuing the former course nor of elaborating a new one. It is obvious that the process of redistributing property in the Crimea will now assume a pace which even Saburov's team could not achieve."

As for Yu. Meshkov, even in the current situation, not recognizing realities, he continues to issue edicts regulating the activity of the former government, which now exists only in his imagination. But not only are these edicts not executed but, as his press secretary V. Lebedev told IZVESTIYA, "newspapers are now refusing even to publish them," and M. Bakharev, member of the Supreme Council Presidium, declared on television after the session—without reading them out—that they "have no legal force."

But it is perfectly obvious that the chief examiner of the new Crimean government will be not politics or the referendum, but the forthcoming winter. And only having gotten through it will the new ministers be able to count on the people's support.

Southern Crimea Hit by Severe Shortage of Water

AU1710130894 Kiev HOLOS UKRAYINY in Ukrainian 14 Oct 94 p 1

[Unattributed report: "The Crimean Health Resort Has Been Closed Due to Water Shortage"]

[FBIS Translated Text] The practically complete absence of [drinking] water on the southern shore of the Crimea has led to an outbreak of infectious diseases among guests at the health resort. In view of this, the Yalta Town Council adopted a decision to close down the operation of 93 sanatoriums, boarding houses, and rest homes. Since 12 October, the "Ay-Petri" and "Livadiya" sanatoriums, the "Miskhor" and "Donbass" boarding houses, the "Pivdenna" and "Kryvorizkyy Hirnyk" tourist centers, and the "Enerhetyk" sanatorium have been closed down. The "Artek" children's camp and all sanatoriums and boarding houses in settlements near Yalta have been closed.

According to weather forecasters, at least another two years of drought await the Crimea. In this connection, the government of the autonomy is drawing up a plan to

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provide Yalta with water from a water reservoir in the mountains near Simferopol. The reservoir gets its water from the Dnieper through the Northern Crimean irrigation canal. To implement the plan, it will be necessary to build a new water pipeline from Simferopol to the southern shore of the Crimea.

Development of Power-Saving Technologies Urged

WS1710143994 Simferopol KRYMSKA SVITLYTSYA in Ukrainian 1 Oct 94 p 2

[Article by Academician Volodymyr Harbarchuk of the Ukrainian Academy of Computer Science: "Odessa Terminal: Mathematics Against Idle Talk"]

[FBIS Translated Text] The Odessa oil terminal has become an inexhaustible source of "environmental" discussions and open anti-Ukrainian actions by "ecologists," "political experts," and Moscow's puppets in official chairs. However, the so-called "common reader" does not know that one of the Odessa colleges has only released a group of young specialists-ecologists this year, and that there never were "political experts" in the USSR. Having looked closer at the majority of these "ecologists," we see that these are the former authors of the ideas of transforming Odessa's seashore into sewage reservoirs and "changing the flow direction of Siberian rivers" and technologies that turn 95 percent of energy resources into smoke. Obviously, all of them are very keen on the "only true" teachings of Marx and Lenin. Instead of learning the profession of housekeepers, the former teachers of the CPSU's history and "scientific communism" have given themselves the titles of "political experts" and begun teaching students and the masses about Ukrainian history, management, privatization, and sociology. They are teaching what they have never learned. The main feature of these specialists is their constant readiness to accept a "take them" command from Moscow (the most characteristic in this regard is the position of the pro-communist majority in the Ukrainian Supreme Council, which has again delayed the issue of building the Odessa oil terminal for an undefined period of time).

Let us recall the "patriotic" attitude demonstrated by these specialists five years ago, when they were advocating construction of a nuclear monster in the vicinity of Odessa. This Moscow project was considered "truly reliable," until associate professor Yuriy Boyev studied it carefully and proven complete incompetence of its authors. However, a more formidable force is standing behind the issue of the Odessa oil terminal. After all, the Russian oil pipeline is the last thread, the last umbilical cord connecting Ukraine with the "elder brother-mother."

No developed country can exist without oil terminals: Certain countries (exporters of oil) have terminals to ship oil (Persian Gulf countries, Venezuela, or Russia), other countries (importers of oil) have terminals to receive oil. In terms of technology, an oil terminal is an appliance to tightly connect two oil pipelines (with a 40- or 50-cm diameter), and, provided that all rules of utilization are observed, it is no more dangerous than a regular water pipe. Second, the fighters for Odessa's tidiness are keeping silent over the fact that a Russian oil terminal, with the capacity amounting of 100 million tonnes per year, has been operating in Novorosiysk for almost 30 years. It is currently standing idle, along with Russia's tanker fleet, since Russia's exports have dramatically decreased, and all the more so, since Tyumen oil is uncompetitive on the world market. It is not a problem to retool the Novorosiysk oil terminal so that it can receive oil. This is the main reason why Moscow's picketers stated that they are not against building a terminal for Ukraine in Novorosiysk (???). The policy of our "brother" is very farsighted: Russia will also have to import oil within a certain period of time, and it will be able to leash Ukraine with the help of the Novorosiysk chain. Third, a powerful terminal in Ukraine will make it possible to more efficiently import oil from the Persian Gulf to Europe, and this means that imports of Russian oil through Ukraine will decrease and the idea of building a new pipeline through Belarus and Poland will be thwarted. Taking into account an array of other factors, we will see that the far-reaching interests of the empire and billions of dollars in profits or losses are standing behind the primitive actions of the environmental bawlers. Moreover, for Ukraine, this is an issue of capability to exist as an independent state.

Let us analyze this issue deeper. The absurdity lies in the fact that no state official responsible for energy sources is able to precisely explain how much oil Ukraine needs. The system of orders for electricity and energy sources, according to which it would be necessary to increase demand every year to prove that energy, fuel, and materials are saved, is completely wrong.

If the volume of imports is defined according to the capacities of our oil-refining plants, we may have a problem of exporting surplus oil products. As we see it, the transformation to a market economy primarily requires passage from lies to precise information and uses of science. Having done this, it is essential to search for the most efficient technologies to save energy and improve the mechanisms for delivering energy and using energy sources. As a result, it may prove that we do not need to import oil. Think for yourselves. Ukraine extracts over 100 tons of coal per year (for several years, we were extracting more than 150 million tons), exports electricity (also to Russia), and extracts more than 5 million tons of oil. Officials say that our current demand for oil is 40 million tons per year (it is interesting that, according to them, it is not linked to the intensity of our industry—although production has decreased by 50 percent, demand for energy has not changed). Since our products require four or six times more energy than Western ones and six or eight times more energy than Japanese ones, elementary arithmetic shows that, having changed the structure of production (using the money spent for oil imports), we can survive with our own energy resources and without any oil terminals. Based on the position of Ukraine's oil refining monsters, which turn 50 percent of oil into asphalt and poisons, the intellect of the "ecologists," "political

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experts," and specialists of the socialist economy is worth proving. Having established a power grid by replacing gas-fueled household appliances with electric ones and learning to save heat at municipal buildings (the amount of energy equal to that produced by one of Ukraine's nuclear power plant is leaking through broken windows in these "free" buildings), we could also survive without imports of natural gas. Although all this is elementary knowledge, which the civilized world learned a long time ago, I must recall it, since it is dangerous for our economy and country to exist in a state of freefall following the "socialist realism."

Reform Center Chief Views Prices, Assistance

WS1810103094 Kiev KYYIVSKA PRAVDA in Ukrainian 11 Oct 94 pp 1, 2

[Interview with President of the Center for Market Reform Volodymyr Lanovyy, by Yu. Nepomnyashcha; place and date not given: "By the End of the Year the Dollar Price Will Exceed 100,000 Karbovantsi"]

[FBIS Translated Text] [Nepomnyashcha] Do you think that there were signs of stabilization in the summer, when price increases were reduced to 2 percent—the lowest rate in recent years? If so, how do you assess the current situation?

[Lanovyy] I disagree with claims that some sort of stability was achieved in the summer. Stability means that the quantity of manufactured products corresponds to the production potential of enterprises, and workers' wages are in line with available services and consumer values in general.

Meanwhile in Ukraine, the decrease in the growth of prices was accompanied by a decline in production. Enterprises have been closed down, wages have not been paid, people have been laid off. At the moment, the state has to clear the debts for unpaid salaries and the debts of the local councils of the Ministry of Power, which has continued to supply schools, hospitals, and the like with electricity.

Sooner or later, the discrepancy in the production structure was bound to emerge. I used to say during my election campaign that instead of stabilization, we were witnessing the suppression of enterprises, which would later produce new price hikes. The government will now have to print unbacked money to save the system from collapse.

[Nepomnyashcha] However, a new spin of inflation diminishes our chances to receive the credits promised, for instance, by the IMF. This issue is to be discussed in Madrid at the end of October.

[Lanovyy] I would like to consider this issue from a different perspective. When in general can a state apply for credits? Do we realize that after we borrow large sums we will have to repay them, along with interest? While borrowing money, everybody should think about when and how he will be able to repay it. The state, too, should think about what resources it has to clear debts. Thus, the question is not just whether we will be given credits, but also whether we would be able to repay them. The West realizes that. The IMF does not simply exercise control over Ukraine and, so to speak, will halt funds if we fail to meet certain economic requirements, envisioned by the reform program. First and foremost, the West may suspend the issuance of credits out of fear that we will not repay them.

In my opinion, so far we have no grounds for optimism. The program of reforming our economy was drafted by foreign experts and our role is reduced to implementing it. Meanwhile, we will reveal those things that have been concealed so far—the lack of money, the inability of enterprises to pay wages to their employees and to clear debts to suppliers. It will soon become evident that our financial indicators do not meet the requirements listed in the IMF program.

The principal issue, however, is that credits will only be issued to us if we carry out privatization, for the latter is an instrument for the structural reshaping of Ukraine's economy and bringing it to a new level of financial reliability. As we know, privatization has been suspended in our country and the executive bodies do not demonstrate the ability to suggest new approaches and expand the structure of institutions engaged in privatization.

[Nepomnyashcha] You have once said that importing reform from the West to Ukraine is a nice, however unachievable prospect. Is this task unachievable in general or at the moment? Is your other phrase connected with it? I mean your assertion that a leftist communist government headed by Moroz and Masol is functioning beside Leonid Kuchma.

[Lanovyy] It is impossible to import reform, because to carry out reform, we need objective political, psychological, and professional conditions within the state. However, if foreign states, which have reform behind them, suggest that we pursue a certain kind of economic, financial, and social policy, and their recommendations are either rejected by most of the people or run counter to our political line, it means that the reason for the failure is here. Of course, we should use the experience of the developed countries, but to do so, we should have the a desire to walk in their footsteps, and not bargain. Shall we demand that the West give us money before we embark on the road to reform? I repeat, we should consciously choose this road and then let the civilized world decide how to assist those who want to develop democracy and humanitarianism.

[Nepomnyashcha] Certain circles are now suggesting the following explanation—the deterioration of the financial situation in Ukraine, particularly the decline in the karbovanets exchange rate and the swell of inflation, both caused by the IMF's demands to free the karbovanets exchange rate. [Lanovyy] This is total falsification of the actual state of affairs. Everything is diametrically different.

The state controls 70 percent of the prices, but prices continue to grow. And how? The state restrains prices as

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long as possible and then sets them free. It doubles or triples them, thus breaking all the existing financial relations and proportions. This is an absolutely abnormal situation, as far as prices are concerned. It is artificial, just as is our stability. However, let us go back to your question. As we know, the official exchange rate of the Ukrainian karbovanets is much lower than its free-market price. Meanwhile, when such administrative restrictions as the artificially restrained exchange rate are removed, the free-market rate should decrease. Let me cite an example—prices on our black market always differed greatly from state prices. After the latter were set free, state prices went up, but free-market prices decreased. That is to say that the free-market exchange rate of the karbovanets should also go down once the artificial official rate is annulled.

[Nepomnyashcha] Do you believe that Vitaliy Masol is carrying out the program that he proclaimed after being appointed prime minister, which is viewed as a free-market one?

[Lanovyy] I would say that there was no program in the proper meaning of this word. There was a speech, and the program of transition to a free market cannot be judged after a month or two. Indepth changes are needed. For instance, we should establish an entirely different mode of investing in construction, new technologies, and the like. Enterprises, instead of cooperating with scientific institutions, are detached from them. Thus, we should create preconditions and then pass over to structural changes. Otherwise, there are many institutions in Ukraine that may distort the nature of those changes.

[Nepomnyashcha] The Ministry of Economy predicts that the current slump of the karbovanets will soon be halted and by the end of the year, inflation will be significantly curbed. What do you think will be the future of the karbovanets?

[Lanovyy] The Ministry of Economy has better information and thus, a better opportunity to provide outlooks. Besides, we do not know what are the plans of government and ministry top officials. Neither do we know the situation in the budget in the first half or the third quarter of 1994. In other words, we do not know the actual state of affairs, and I find it hard to argue with the Ministry of Economy. However, I know from my experience that their forecasts are unreliable. For example, the Ministry of Economy and the Ministry of Finance assured the president in July—and I was present at their meeting—that by the end of 1994 the karbovanets exchange rate would not exceed 57,000 karbovantsi [K] per dollar. At that time, the rate was 42,000 to 43,000. However, you know that the dollar price has almost tripled since then.

Given that we will have to clear the debts, not only those for agricultural products, I do not believe that the exchange rate will be stabilized. When providing an outlook for the future in January 1994, I warned that if that kind of policy continued, the exchange rate would reach K150,000 per dollar in the second half of 1994. Despite the fact that the government has been pursuing a somewhat tougher policy, I still believe that we will exceed the price of K100,000 per dollar by the end of 1994.

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Belarus

Prime Minister Meets U.S. Leaders

WS1710130594 Minsk Radio Minsk Network in Belarusian 1000 GMT 17 Oct 94

[FBIS Translated Text] During his visit to Washington, Belarusian Prime Minister Chyhir met with the heads of the U.S. State Department, Defense Department, and Export-Import Bank. Both sides discussed a wide range of issues concerning prospects for Belarusian-U.S. relations, measures intended to sustain stable cooperation between the two countries and their interests in developing relations in the spheres of trade and investments, as well as technical assistance. The prime minister continued his discussions with World Bank officials on programs that are now being devised for implementation in the Belarusian Republic. More meetings were held with U.S. business representatives who are interested in investing in the Belarusian economy. The working visit to Washington, which has generated much attention on the part of the U.S. Government and corporate circles, ended with a tour of farms to learn about their production and commercial cycle.

President Announces Social Protection Measures

WS1710113094 Minsk Radio Minsk Network in Belarusian 0801 GMT 17 Oct 94

[Speech by President Alyaksandr Lukashenka at the Supreme Soviet in Minsk—live]

[FBIS Translated Excerpt] Esteemed Deputies! The report I am going to deliver today is going to be short. The economic situation in our country, as you all know, has not been overly pleasant for the people of Belarus. [passage omitted]

The estimate of the Republic's economic situation and living standards of the population has shown that a range of social-protection measures need to be undertaken. At the same time, one should remember that with production continuing to plummet, inflation rising, and the state budget deficit increasing, it is virtually impossible to ensure 100-percent compensation for growing prices. This is why the president and the government consider it necessary to regulate the population's incomes in ways that would guarantee the targeted protection of the most exposed social groups—the disabled, unemployed pensioners, large families, high school and university students, and low-income workers. This concept received approval at my meetings with many people in Soligorsk—miners, workers, and other employees. They supported and agreed with it.

Today, wages of people working in state-financed sectors—particularly health care employees, teachers, and servicemen, the KGB, the Interior Affairs Ministry—are much lower than that of industry workers. This is why, in spite of financial problems and the state budget deficit, I have today signed an edict that will double wages of the above groups and, at the same time, increase the wage first-grade rate to 20,000 rubles [R], and the wage rates for the first to seventh grades as well. As a result, wages for the first grade will amount to R32,000. We retain monthly payments to nonworking pensioners, pensioners working in agriculture, children, and students. We also set the college and university students' allowances at the level of 130 percent of the minimum wage, which makes R26,000 plus R8,500 in compensation payments, with a total of R34,500, instead of the current R10,000. Also increased will be pensions, benefit payments to families with children, and welfare benefits. These measures will allow us to improve the social situation of the above categories. Of course, increased expenditures from the consumption fund will set prices growing. But this growth will, and should, be lower than the social-protection measures.

A complicated financial situation has taken shape in agriculture. It was caused by the drought-affected yield and the lack of parity between industrial and agricultural prices. We have not settled our accounts with peasants for the grain, potatoes, and lax which they have already sold to the state. This is why, to improve the financial standing of farms and because of the insufficient preparations for the wintertime, a decision has been adopted to allocate R30 billion from the state budget. Let me stress that these funds were made available with great efforts at the expense of other expenditures. Therefore, they can on no account be just eaten away. They will have to be funneled where appropriate, with enterprise leaders held personally responsible for their utilization. To this end, I provided special instructions to the presidential Auditing Service and the Finance Ministry.

Esteemed Citizens of the Belarusian Republic! I know that I will be criticized. I would like, however, to give one piece of advice to the right- and left-wing opponents. I will advise the latter, who will criticize the president for diverging from monetarist principles, to try to maintain their sons with only their stipends. To the leftist deputies, who will complain of the inadequate level of social protection, I would ask them to go find money for the comprehensive, 100-percent compensation and keep the budget balanced at the same time. The money that the government raised is not printed, it is earned. So, I signed the edict with a clean conscience. I hope it will receive understanding among you and the people.

Poplular Movement Leader Announces Resignation

WS1710155994 Minsk BELAPAN in English 1500 GMT 17 Oct 94

[FBIS Transcribed Text] According to information received from the press-service of the Popular Movement of Belarus [PMB], Syarhey Haydukevich, the chairman of the PMB, has submitted his resignation. In an interview to a BELAPAN correspondent, Syarhey Haydukevich pointed out that "he has despaired of delivering the Popular Movement from the bearers of orthodox ideas, comrades with red flags who do not want to understand

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anything." Just for these reasons it was arranged that a new bloc of political parties only should be formed. According to S. Haydukevich, the bloc will consist of the Liberal-Democratic Party, the Slavic Assembly "White Russia," and some other parties.

In the evening of October 17, a session of the PMB Coordinating Committee is expected to be held to consider S. Haydukevich's application on resignation, and an application by the Liberal-Democratic Party and the Slavic Assembly on their secession from the Movement.

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Kazakhstan

President Nazarbayev Arrives in Turkey

LD1710113394 Moscow Mayak Radio Network in Russian 0730 GMT 17 Oct 94

[FBIS Translated Text] President of Kazakhstan Nursultan Nazarbayev has arrived in Turkey on a visit. His first official meeting will be with the Turkish President Suleyman Demirel. It will take place in Ankara today. He will also take part in the second meeting of Turkic heads of state, which is opening in Istanbul tomorrow.

Friendship, Cooperation Treaty Signed

LD1710212994 Moscow Mayak Radio Network in Russian 2100 GMT 17 Oct 94

[FBIS Translated Text] A Treaty on Friendship and Cooperation between Turkey and Kazakhstan was concluded in Ankara today. It was signed by Kazakhstan's President Nursultan Nazarbayev and Suleyman Demirel, president of the Republic of Turkey.

Addresses Parliament, Meets Ciller

LD1710224994 Moscow ITAR-TASS World Service in Russian 2145 GMT 17 Oct 94

[Itar-Tass correspondent Sergey Feoktistov]

[FBIS Translated Excerpt] Ankara, 18 Oct—Kazakhstan President Nursultan Nazarbayev, who is on an official visit to Turkey, on Monday [17 October] visited Husamettin Cindoruk, chairman of the Turkish Grand National Assembly, and addressed Turkish parliamentarians.

The head of Kazakhstan said he was in favor of the Turkish world uniting in various spheres to strengthen peace and the well-being of the peoples of the region. He noted that the presidents of the Turkic republics should take this obligation upon themselves. Turkey and Kazakhstan, N. Nazarbayev stressed, are fraternal states. Turkey's oil needs will increase in the 21st century, and Kazakhstan, the president noted, has oil reserves put at billions of tons. Kazakh oil, he said, represented the future for both Kazakhstan and Turkey. [passage omitted]

On the same day, the Kazakhstan president met Turkish Prime Minister Tansu Ciller and Mesut Yilmaz, general chairman of the main opposition party, Motherland. N. Nazarbayev will take part in a meeting of heads of state of the Turkic republics today, which will take place in Istanbul on 18-19 October.

Nazarbayev Addresses Newly Inaugurated Cabinet

LD1710182494 Moscow INTERFAX in English 1754 GMT 17 Oct 94

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Nazarbayev warned during the ceremony of the new government's inauguration that if the Cabinet members violate the oath they would be removed from office. He also expressed hope that the new Cabinet would be a close-knit team of like-minded people.

He also said that he was not going to remove the government from office every six months.

He demanded that the government find a market-based solution of all problems, and get rid of red tape, above all in matters of opening private enterprises and new industrial branches.

Explaining the causes of the resignation of the Tereshchenko Cabinet, he said that the old government had tapped its resources, while his own attempts to spur the Cabinet were unsuccessful. The old Cabinet has lost the trust of the nation, he said.

The newly-appointed prime minister Akezhan Kazhegeldin, his four deputies and 28 ministers and chairmen of the state committees have sworn to use their experience for the sake of Kazakhstan's economic and cultural revival, serve the nation faithfully, strengthen the state system and enhance Kazakhstan's international prestige.

Kazhegeldin stated during his first press conference that his government would ensure the implementation of the reforms. He said that he had chosen candidates to the new government on his own and that all of them were approved by the president.

He believes that the government's anti-crisis program, backed by the president last July, was correct from the strategic point of view. It provides for structural changes in the economy, measures to combat monopolism, control over inflation, accelerated privatization and the development of the market of the capital and securities, he said. "We shall work to implement this program," he pledged.

He announced that the government would submit to parliament drafts of the taxing code, and the laws on the state property, the registration of legal entities, bankruptcy and other laws.

Armenian Embassy Opened in Almaty

LD1810085294 Almaty Kazakh Radio Network in Kazakh 0400 GMT 18 Oct 94

[FBIS Translated Text] In Almaty yesterday the official opening ceremony of the Armenian Embassy took place.

At a solemn ceremony (Armen Melikyan), the acting ambassador of Armenia to Kazakhstan, appraised this step as one which serves the further development of bilateral economic, political, and cultural relations between the two countries.

Deputy Kazakh Foreign Minister Vyacheslav Gepatov made a speech on behalf of the Foreign Ministry. Members of the Almaty Armenian community attended the ceremony.

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Kyrgyzstan

Akayev Addresses Turkish Parliament

LD1710180694 Bishkek Kyrgyz Radio First Program Network in Kyrgyz 1738 GMT 17 Oct 94

[FBIS Translated Text] I feel at home in this fraternal country - so Kyrgyz President Askar Akayev began his speech to the Turkish parliament after being introduced to the deputies by the Turkish speaker.

I am glad and moved to be addressing you, the president went on. This is because I sincerely want the bilateral relations between our peoples to be expanded and bolstered. In my country Turkey is seen as a kind of bridge which will help us establish East-West relations more rapidly. This is of particular importance to us since it is now three years since Kyrgyzstan became truly free and gained the chance to independently choose its own path of development. You have already travelled this part of the way, and your experience will help us as we form a democratic secular state and overcome hardships along the way to a market economy.

As we embark on this difficult path we sense your friendship, support, and assistance. The experience of Turkish businessmen is currently invaluable for us, as we have to study enterprise, respond rapidly to any innovation, develop sophisticated production technologies and master the elements of the market economy.

We are grateful that you are with us at such a difficult time.

Following Askar Akayev's speech the members of parliament voiced their gratitude to the president not only for visiting the parliament and agreeing to speak there, but also for his frankness in talking about the young Kyrgyz state's difficulties.

The Kyrgyz president had a conversation with Turkish Prime Minister Tansu Ciller, and then visited the Kyrgyz Republic's embassy in Ankara accompanied by Suleyman Demirel. The presidents planted two Tian Shan fir trees there. When planting a tree one usually hopes that it will bear fruit, Askar Akayev told the people at the ceremony. Let this act be a symbol of our centuries-old friendship which will bring us good.

At the crowded meeting in Ankara, attended by the presidents of the two republics, representatives of the city administration announced that a street in the Turkish capital is to be renamed after Bishkek. Demirel told the meeting that this is a kind of gift from the capital's residents to the people of Kyrgyzstan. Let the street be a little bridge between the people of our countries. We shall make effort to ensure that there are more such bridges.

Akayev replied in moved tones. We are grateful for this gift and will make every effort to develop our contacts and relations as dynamically as this in future. Today's act of renaming an Ankara street in honor of the Kyrgyz capital reaffirmed the deep roots of the brotherhood and friendship between our peoples.

The Kyrgyz delegation visited the Ataturk mausoleum, where Akayev laid flowers.

Government Approves Help for Ailing Industry

LD1710210594 Bishkek Kyrgyz Radio First Program Network in Russian 1200 GMT 17 Oct 94

[FBIS Translated Text] The Kyrgyz Government has adopted a resolution on the state of affairs in the industry and measures to reform industrial production. It says that a general slump in production continues in industry.

The toughest financial situation has arisen in the engineering industry. This situation is a result of the commodities markets that developed in the former Soviet Union, when over 90 percent of its deliveries went to partners in the CIS countries.

The sharp decline in production caused by the reduction of demand for output, the winding down of capital construction, and rising fuel prices have caused brickworks to halt production in the Naryn, Talas, and Tokmak regions, and the expanded clay aggregate works in Bishkek, Balykchy, and in Osh. Housing construction by the Azat joint-stock company is virtually at a standstill. The sectors owe and are owed large sums of money.

The situation in the coal mining industry is the most alarming. The volume of coal mining continues to fall at virtually all enterprises. It seems practically impossible to prevent a further fall in production since enterprises in the sector receive over 90 percent of their material resources from CIS countries.

Almost all enterprises in the agricultural industry had negative balances as of the beginning of 1994.

Industry continues to cut the number of its employees. The tough financial situation brings production to a halt or results in a shortened working week or working day. Industrial enterprises are working at no more than 25 to 50 percent capacity as a rule.

Noting the inadequate nature of the work done by the ministries, departments, and local state administrations, the government ordered the State Committee for the Economy, the Ministry of Finance, and other relevant institutions to draw up a program for structurally reforming priority sectors of industry by 1 December 1994. The Ministry of Trade and Industry is instructed to provide for the establishment of joint ventures and transnational companies on the bases of enterprises in Kazakhstan, the Kyrgyzkabel, Ulan, and Kyrgyzelektrodvigatel works, the Oremi joint-stock company, and the Bishkek Engineering Works.

In addition, by 1 January 1995 they are to draw up the schedule for gradually transferring social-sector facilities from management by industrial enterprises to municipal ownership.

The republic's National Bank is recommended to freeze interest charges on credits as of 1 October 1994, and to

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accelerate the work on concluding bilateral agreements with the CIS republics on mutual quotes for soft currency rates, with a rational rate to be set for the Kyrgyz currency, the som, at the same time.

A quota ceiling will be set for the amount each enterprise sets aside for priority wage payments. The necessary steps have been approved to recover funds that are currently located outside Kyrgyzstan. The rates of duty were reduced, with disputes to be referred to courts of arbitration.

A prime task for the Kyrgyz Bank for Reconstruction and Development is to use state resources to provide finance and credit for enterprises in priority sectors of industry.

Supervision over the implementation of the resolution rests with First Deputy Prime Minister Almambek Matubraimov [name and title as received].

Viral Hepatitis Outbreak Reported in Bishkek

LD1810084594 Moscow ITAR-TASS World Service in Russian 0617 GMT 18 Oct 94

[By ITAR-TASS correspondent Boris Maynayev]

[FBIS Translated Text] Bishkek, 18 Oct—An outbreak of viral hepatitis has been recorded in the capital of Kyrgyzstan. According to today's report from the republic's health ministry, 245 cases of the disease have been registered in the city in the past week alone. Experts say this figure is 10 times higher than last year's.

Lectures on disease prevention have been given in schools and trading in foodstuffs near school buildings has been banned. Medics believe the outbreak of the disease has been caused by poor quality foodstuffs in Bishkek's markets.

Tajikistan

UN Observers Arrive To Monitor Cease-Fire

LD1810090094 Dushanbe Radio Dushanbe Network in Russian 0400 GMT 18 Oct 94

[FBIS Translated Text] The UN technical investigation group which is in our country for the practical implementation of the inter-Tajik agreement on a temporary cease-fire has finished its work in Tajikistan. The group has prepared essential recommendations necessary for the work of UN military observers in Tajikistan.

Military observers from this international organization have already started to arrive in the republic. Among them are Major Lars Sorensen and Major Zorgen Muller from Denmark and Major Wolf Sponner from Austria. As the information department of the Tajik Foreign Ministry told a KHOVAR correspondent, 14 more UN military observers are expected to arrive in the near future. They will monitor implementation of the inter-Tajik agreement on a temporary cease-fire.

Military Council of Border Guards in Session

LD1710190694 Dushanbe Radio Tajikistan Network in Tajik 1000 GMT 17 Oct 94

[FBIS Transcribed Text] The military council of the Russian Border Troops group in Tajikistan began an expanded session in Dushanbe today. Tajik Supreme Council Chairman Emomali Rakhmonov is taking part in its work, as are Abdulmadjid Samadov, chairman of the Council of Ministers, the heads of the power ministries, Colonel-General Valeriy Patrikeyev, commander of CIS peacekeeping forces in Tajikistan, and the commander of the Russian Border Troops in Tajikistan.

Opening the meeting of the military council, Lieutenant-General Kuvshil, the commander of the Border Troops, emphasized that the cease-fire agreement signed in Tehran has been viewed with satisfaction. However, the Russian general pointed out with regret that the situation on the border remains tense.

The military meeting is taking place behind closed doors.

Reinforcements Needed on Border

LD1710130794 Moscow ITAR-TASS World Service in Russian 0751 GMT 17 Oct 94

[By ITAR-TASS correspondent Galina Gridneva]

[FBIS Translated Text] Dushanbe, 17 Oct—Certain sectors of the Tajik-Afghan border are in need of urgent reinforcement, above all on the Moskovskiy and the Pamir [Gorno-Badakhshan border] sectors, Lieutenant General Mikhail Kushel, deputy commander in chief of the Russian Border Troops, told the Russian Border Troops military council at a session in Dushanbe today.

The session is examining issues relating to further strengthening the Tajik-Afghan border and intensifying interaction between the Russian military contingent and Tajikistan's national armed forces. Taking part in the work are Tajik President Emomali Rakhmonov; Colonel General Valeriy Patrikeyev, commander of the joint peacekeeping forces in Tajikistan; representatives of Tajikistan's senior officer border corps; and senior officials from Tajikistan's power ministries [Defense, Foreign, and Internal Affairs Ministries].

Mikhail Kushel stressed that despite the inter-Tajik agreement reached in Iran on a temporary cease-fire and effective assistance in settling the conflict from the international community and the CIS, the situation on the Tajik-Afghan border is still difficult because the irreconciliable Tajik opposition is trying to resolve the conflict by force.

Indeed, every single day armed attempts are made to cross the Tajik-Afghan border. The ITAR-TASS correspondent was told at the press group of the Russian Border Troops command in Tajikistan that a small group of Tajik mojahedin tried to cross from Afghanistan over the Pjandzh border river on Sunday evening. The border detachment fired warning shots, after which the mojahedin opened fire

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on the border guards. Three mojahedin were killed and one wounded in retaliatory action. There were no losses among the Russian border guards.

Border Guards Take Loyalty Oath, Service Pledge

MM1710133394 Moscow TRUD in Russian 15 Oct 94 p 8

[Unattributed Answer to Letter from Reader F. Samokhvalov under the "Questions and Answers" rubric: "All Are Equal in War"]

[FBIS Translated Text] Is it true that young inhabitants of Tajikistan who are drafted into the Russian border troops in that state take two oaths?

F. Samokhvalov, Astrakhan Oblast.

At the Russian Federation Border Troops Directorate in the Republic of Tajikistan we were told that Tajiks are drafted on the basis of the corresponding agreements between the two countries. Residents of the republic take one oath—their own, national oath. But at the same time every soldier signs a second document—a pledge to the Russian command, which pays him throughout his period of service, keeps him, provides him with weapons, and enables him lawfully to fulfill his military duty in his state's interests. The soldier pledges to obey all regulations, directives, and orders from the Russian command. All cases of desertion from units and subunits involving Tajik draftees come under the jurisdiction of the Tajik Military Prosecutor's Office. If a Tajik deserter commits another crime in the process our military prosecutor's office may ask the authorities to extradite violators of the law and examine their case in accordance with Russian law.

Uzbek Association Supports Rakhmonov Nomination

LD1510132394 Dushanbe Radio Tajikistan Network in Tajik 1200 GMT 15 Oct 94

[FBIS Translated Text] Dear compatriots, the presidium of the Uzbek Association of the Republic of Tajikistan, realizing that the election of the country's president is a destiny-making political event and will play a decisive role in consolidating the independence of the sovereign Tajikistan and the state of Tajiks, appeals to all inhabitants of the republic to vote unanimously for Emomali Sharipovich Rakhmonov, a true son of Tajikistan.

The appeal was adopted on 15 October 1994 at the meeting of the presidium of the Uzbek Association of Tajikistan.

Turkmenistan

Niyazov To Leave for Turkic-Language Summit

LD1710121594 Moscow ITAR-TASS in English 0912 GMT 17 Oct 94

[FBIS Transcribed Text] Ashkhabad [Ashgabat] October 17 TASS—Turkmen President Saparmurad Niyazov goes to Istanbul on Monday [17 October] for a summit of Turkic-language states. The main topic of the summit to be held between October 17 and 19 is development of regional cooperation in the economy, culture and information exchange.

The initial meeting with the participation of the Azeri, Turkish, Turkmen, Kazakh, Kirghiz [Kyrgyz] and Uzbek presidents was planned for last January. However, the Baku summit did not take place and was postponed for a later date for "detailed examination of issues for planned negotiations."

The most probable issues to be discussed by the present summit include implementation of understandings, reached in Ashkhabad two and a half years ago, on the coustruction of a gas pipeline from Turkmenistan across Iran to Turkey and the construction of a trans-Asiatic railway between Beijing and Istanbul.

The establishment, this year, of stable TV broadcasts from Turkey to Central Asian countries and Azerbaijan via a Turkish geostationary communications satellite can be instanced as an example of developing regional cooperation.

Niyazov's Views on Role of CIS 'Unchanged'

LD1810101394 Moscow ITAR-TASS World Service in Russian 2257 GMT 17 Oct 94

[By ITAR-TASS correspondent Lyudmila Glazovskaya]

[FBIS Translated Text] Ashkhabad [Ashgabat], 18 Oct—Saparmurad Niyazov, president of Turkmenia [Turkmenistan], described relations between Turkmenia and Russia as an example of mutually beneficial ties between CIS states. He was speaking on the eve of the summit of CIS leaders, which he will attend. Addressing a cabinet meeting, the Turkmen leader stressed that his view of the CIS as a consultative body remained unchanged. He feels that "having embarked on the road of independence and having travelled for some time along it, the independent states have now distanced themselves from each other by as far as their domestic circumstances have allowed."

"For us, the significance of the CIS today," the Turkmen president stressed, "lies, first and foremost, in its individual member states, with whom we want to have durable bilateral and mutually beneficial ties. Our relationship with Russia is an example of this."

Uzbekistan

President Karimov Leaves for Turkey

LD1810055694 Moscow ITAR-TASS in English 0534 GMT 18 Oct 94

[By ITAR-TASS correspondent Vilor Niyazmatov]

[FBIS Transcribed Text] Tashkent October 18 TASS—President Islam Karimov of Uzbekistan is to attend a

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two-day meeting of Turkic-speaking countries' leaders, competent sources told ITAR-TASS.

Statement Denies Interfering in Afghanistan

LD1710130294 Tashkent NARODNOYE SLOVO in Russian 15 Oct 94 p 1

[Statement by the Foreign Ministry, issued in Tashkent on 14 October 1994]

[FBIS Translated Text] The Foreign Ministry of the Republic of Uzbekistan is gravely concerned and indignant at the accusations leveled by officials of the Islamic State of Afghanistan against the Republic of Uzbekistan with regard to its alleged "interference" in Afghanistan's internal affairs, specifically interference by the Armed Forces of Uzbekistan in the internecine war between the conflicting sides in Afghanistan. These accusations have recently been becoming ever more frequent.

We resolutely reject this unfounded slander against the Republic of Uzbekistan, and state that these statements are nothing other than an attempt by certain forces both within and outside Afghanistan to damage Uzbekistan's prestige in the eyes of the world community, to harm its peace efforts, and to provoke a deterioration in relations between the two neighboring states and a further rise in tension in the region.

Uzbekistan has always been deeply concerned about the continuing armed conflict and fratricidal war in Afghanistan, and has more than once confirmed that it is ready to enter into discussions with all interested states on specific measures which would facilitate a solution to the Afghan problem.

We have always adhered to a firm policy based on principle, which is that different approaches to solving the Afghan problem need to be produced, approaches which would rule out interference by any state in Afghanistan's internal affairs.

At the 48th session of the UN General Assembly, Uzbekistan acted as initiator of a permanent seminar in Tashkent on regional security problems, held under the aegis of the United Nations.

The republic's stance of strict neutrality and noninterference in the internal affairs of this country was expressed in the 8 February 1994 joint statement on Afghanistan by the Uzbek and Russian foreign ministers.

At Tashkent's CSCE seminar in September this year, Uzbekistan spoke of the need to draw all the healthy forces of the region and of the world community into a peaceful settlement of conflicts in Afghanistan. This was at the very time provocative accusations were being made that our republic is involved in military interference in the affairs of this long-suffering country.

On 4 October this year, at the 49th session of the UN General Assembly, Uzbekistan again issued a statement on the inadmissibility of interference in the internal affairs of Afghanistan and on the necessity of imposing an arms embargo on the zones of regional conflicts.

We call on Afghanistan's leaders and various political forces to take a correct view of Uzbekistan's concern and peacemaking role aimed at preventing conflict in the region, and its desire to develop good-neighborly relations and comprehensive, mutually advantageous cooperation with an independent and sovereign Afghanistan in the interests of strengthening the spirit of mutual understanding and confidence in the region. We are counting on them to prevent the intrigues of those who oppose this spirit both within and outside the country, to display true patriotic wisdom, and in the light of the bitter consequences of the fratricidal war, to focus their efforts on achieving national reconciliation in the interests, and for the good, of the entire Afghan nation.

[dated] Tashkent, 14 October 1994.

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Armenia

CSCE Official Discusses Peacekeeping Force

LD1710200094 Moscow ITAR-TASS in English 1943 GMT 17 Oct 94

[By ITAR-TASS correspondent Tigran Liloyan]

[FBIS Transcribed Text] Yerevan October 17 TASS—Two Armenian soldiers who were taken into captivity by the Azerbaijani side were brought to Baku from Yerevan on Monday night by a CSCE mission. Yesterday, CSCE representatives extradicted two Azeri servicemen to Azerbaijan who were held up in Armenia.

A one-time agreement reached between the sides can be considered an important manifestation of their good will, said deputy chairman of the CSCE Minsk conference on Nagorno-Karabakh, Per Anderman. He pointed out that CSCE will continue to encourage efforts made by the sides in the humanitarian direction. In the opinion of the CSCE diplomat, such steps will enable to strengthen and develop agreements reached during a ceasefire which had been in effect for five months.

Anderman said that intensive talks are under way with representatives of the warring sides on the formation of CSCE peace-keeping forces and the dates of their deployment. The CSCE diplomat said that such talks would be fruitless without the consent of the warring sides. We are optimistic and believe that these forces will be formed by different CSCE member-states, and Russian troops will be part of these forces, the CSCE diplomat said.

According to Anderman, two diplomats and two officers will remain for two days in Yerevan to continue the talks on the formation of peace-keeping forces. In the near future, chairman of the CSCE Minsk conference on Nagorno-Karabakh, Jan Eliasson, will visit the region, Anderman said.

After a short conversation at the airport with representatives from the Armenian Foreign Ministry, Anderman left for Vienna.

'Left-Wing Opposition' Bloc Issues Statement

MM1710110094 Moscow PRAVDA in Russian 15 Oct 94 p 1

[Report by correspondent Boris Mkrtchyan: "Armenia: Opposition Rallies Forces"]

[FBIS Translated Text] In Armenia's political life, the process of consolidation of opposition forces has been completed. The other day the "left-wing opposition," consisting of five political parties, came together. They are the senior, highly influential Armenian federation "Dashnaktsutyun," the National Self-Determination association, the Democratic Party of Armenia, the Union of Constitutional Law, and the recently emerged National Democratic Union.

The "left-wing opposition" bloc issued a "Joint Statement" to the Armenian people. It says that "...an atmosphere of universal tyranny and impunity has arisen in the republic as a result of the merging of the authorities and mafia structures. Under cover of market relations and privatization, the national wealth, created by generations of hard labor, is being plundered...."

The "left-wing bloc" is now energetically propagandizing the main provisions of its statement among the masses at large rallies which are being organized in the capital and the rayon centers of the republic. Local observers regard the "left-wing bloc" as a serious force—its "fire-power" will increase considerably if the Armenian communists join the bloc. At the moment, such unity is hampered by the fact that the Armenian communist party has put forward a proposal to hold a republic-wide referendum on the question of Armenia's entering into a confederal union with Russia.

Stockholders of Bankrupt Firms Picket Parliament

NC1710151594 Yerevan SNARK in English 1110 GMT 17 Oct 94

[FBIS Transcribed Text] Yerevan, October 17 (SNARK)—Today, since morning, about 200 depositors of bankrupted companies, picketed the building of the Supreme Soviet of Armenia. They petition the parliament's leaders to convoke an extraordinary session and discuss the problem on compensation the lost sum. As the depositors affirm, recently more than 30 companies were bankrupt in Armenia. The sum of investments in these companies made several million USD [U.S. dollars].

A police detail was sent to the parliament building, where small skirmishes with the detail took place. According to the last data, the leadership of the parliament didn't gave any answer to the demand of depositors.

Azerbaijan

Aliyev Vows To Defend State Against Foes

NC1710200894

[Editorial Report] Baku Azerbaycan Radio Televiziyasi Television Network in Azeri at 1322 GMT on 17 October begins carrying a live ceremony at the State Opera House in Baku marking the third anniversary of Azerbaijan's independence.

In his speech opening the ceremony, Azerbaijani President Geydar Aliyev congratulates those present and the Azerbaijani people on the occasion. He goes on to say that the first Azerbaijani democratic republic set up on 28 May 1918 was the first step toward independence. He describes the period under the Soviet rule as "important and productive years" for Azerbaijan in terms of economic, scientific, and intellectual development. However, he adds: "The spirit of national freedom and independence always existed in the heart of the Azerbaijani people." The leading

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cadres, intellectuals, and people always lived in hopes that Azerbaijan would one day gain its independence and national sovereignty.

Aliyev says that the processes taking place in the 1980's and 1990's "renewed the struggle for national liberation; and as a result of the objective processes taking place within the Soviet Union and the world, the conditions were created for Azerbaijan to attain its independence." He says that while most people struggled to attain national freedom and independence during this transitional period, "the conservative forces in Azerbaijan, who wanted to prolong Soviet rule and imperialism, tried to block this movement. But such efforts were in vain."

Aliyev says that the failure of the coup in Moscow in August 1991 led to the dissolution of the "Soviet imperialism; and in the wake of the processes following this the Azerbaijani republic declared its independence."

Aliyev says within three years Azerbaijan has occupied its deserved place within the international community and organizations. He adds: "Today, on the third anniversary of independence, I can definitely state that the Azerbaijani people will continue along the road of independence, they will not renounce their independence, and the Azerbaijani republic will forever live as an independent republic."

He then states that alongside its successes in international forums, Azerbaijan has also faced difficulties during the three years of independence. He mentions the "armed aggression by Armenia." He says this aggression "both aggravated the situation inside Azerbaijan and created major obstacles for Azerbaijan's foreign policy." He says that various groups inside Azerbaijan "are engaged in a struggle for power" and often bring the republic to the "edge of civil war." Aliyev says these factors caused Azerbaijan's military defeats.

Despite all this, he says, "Azerbaijani people's can never be subdued." He says most Azerbaijani people are working to protect Azerbaijan's independence. He thanks the Azerbaijani people for their achievements and adds that they will overcome all difficulties. Aliyev says "no one will be able to obstruct Azerbaijan's independence. You can be absolutely sure about this."

President Aliyev then speaks of Azerbaijan's gains at the international level, noting: "Now we have created certain conditions for the peaceful resolution of the aggression committed by Armenia against Azerbaijan. You know that as a result of the talks during the past five months and the policies conducted at the international level, and as result of the mediation of the major powers, international organizations, Russia, and the CSCE, an agreement on a cease-fire in the war between Armenia and Azerbaijan has been achieved. We have been honoring the cease-fire for the last five months. In our latest consultations, including those in New York, we declared this once again and obtained assurances that the cease-fire will continue. We will adhere to it until the Major Political Agreement is concluded. We have stated repeatedly that Azerbaijan follows a peace-loving policy. Azerbaijan has been dragged into the war. And despite our enormous losses and difficulties, we want to put an end to this war and want to peacefully end the war between Armenia and Azerbaijan. The conditions for this are known: Azerbaijan's territorial integrity should be ensured, the Armenian Armed Forces should unconditionally withdraw from the occupied lands, and the inviolability of Azerbaijan's borders should be guaranteed. Intensive efforts are continuing in this direction and I hope that they will produce results." Aliyev then says that Azerbaijan will continue establishing mutually advantageous bilateral and multilateral relations with other states. While doing so it will pursue an independent policy. He adds: "However, regrettably, Azerbaijan's foreign enemies and its antagonistic domestic forces and groups do not like, do not accept, Azerbaijan's independent policy, as a result of which we feel our policy and position is coming under attack and pressure."

He says that Azerbaijan's independent policy led to the signing of the oil agreement with the foreign oil firms on 20 September. He says: "This is a historic event. This is an enormously important step for the future of Azerbaijan, for Azerbaijan's economy, science, and culture. The signing of this contract once again showed the world that the Azerbaijani Republic is an independent state pursuing an independent policy. Undoubtedly, our people welcomed this. This created a great feeling of optimism in Azerbaijan. However, at the same time, those forces that wanted to violate and usurp Azerbaijan's independence and undermine Azerbaijan it immediately went into action. As you know, after the signing of this contract very tragic and dreadful events took place in Azerbaijan."

Aliyev then recounts events leading to the 4-5 October coup attempt by followers of former Prime Minister Suret Guseynov. He adds: "These criminal forces must realize that the Azerbaijani people and state are able to frustrate them." He assures the people that "every measure will be continue to be used to defend Azerbaijan's statehood, and no force will be able to undermine Azerbaijan's independence and statehood, or keep Azerbaijan from living as an independent state."

Aliyev returns to the cease-fire, saying: "We are marking the third anniversary of our independence. However, at the same time our republic is living under war conditions. True, a cease-fire has been in force for the past five months. I have noted that we will continue to observe this cease-fire. We are holding peace talks. But at the same time, the Azerbaijani people must be alert, the Azerbaijani Armed Forces must guard Azerbaijan's territory with watchfulness and readiness. Units of the Azerbaijani Army are defending Azerbaijan's positions along the front. On this holiday I especially greet the Azerbaijani Army, and salute the soldiers, officers, and all the citizens of Azerbaijan who are defending their land. And I want to declare that I am sure that they will continue to bravely defend Azerbaijani soil and to fight and work to ensure the territorial integrity of Azerbaijan." Referring to the existence of people who want to undermine domestic stability,

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Aliyev says: "I want to inform the criminal groups and those who want to undermine domestic stability in Azerbaijan that they will achieve nothing. They should abandon their criminal path. Our aim is to establish a law-based, democratic, and civilized state in Azerbaijan. We are walking along this path. Our aim is to establish a democratic society in Azerbaijan. We are walking along this path. We want to introduce economic reforms in Azerbaijan and link Azerbaijan's economy to world economy. We are walking along this path. We are working to defend human freedom, freedom of expression, and human rights in Azerbaijan. I address you as the protector of the development of the multiparty system in Azerbaijan, and I guarantee the future of this process. However, all these things should be solely directed toward the defense of Azerbaijan's statehood and independence and toward extricating Azerbaijan from the current grave economic and social crisis.

"Therefore, I want to inform those people who want to pursue personal gains by taking advantage of this grave situation in Azerbaijan that they will achieve nothing; and the society, the national unity of the Azerbaijani people, will discard them all and will remove them from our path. Let no one doubt this.

"However, these elements are trying to create confusion by also taking advantage of the current grave economic situation in Azerbaijan. Lately, certain difficulties have arisen in our republic in providing the people with bread. All these things are the result of the seditious activities of these criminal groups. Certainly, the Council of Ministers, headed by the prime minister, would have had no time to tackle other problems when, instead of tackling economic problems, they were sending members of the Council of Ministers to the den of criminals, forming various seditious groups there, or preparing a coup d'etat. Efforts were even being made to prevent the solution of the economic problems.

"These matters were discussed yesterday and certain measures were taken. A number of people unable to fulfill their task were removed from their posts. Similar resolute measures will follow. All these measures are solely to extricate our republic from this grave situation, to ensure domestic stability in our republic, and to create national solidarity and unity. Such steps have been taken, and will be taken. Therefore, those who are obstructing our work should know that serious measures will be taken against them."

In conclusion, Aliyev says that only national unity will ensure Azerbaijan's independence and prosperity, extricate it from war, and ensure Azerbaijan's territorial integrity. He ends by saying: "As the guarantor of Azerbaijan's independence and domestic stability, as president, I promise the people that I will continue defending Azerbaijan's independence, that the positive work being carried out at in domestic and foreign policy will continue, and that Azerbaijan will live as an independent state forever."

Aliyev concludes his speech at 1410 GMT. A cultural performance then follows.

Warns Against Attempts To Undermine Statehood

LD1710173994 Moscow ITAR-TASS in English 1716 GMT 17 Oct 94

[By ITAR-TASS correspondents Sevindzh Abdullayev and Viktor Shulman]

[FBIS Transcribed Text] Baku October 17 TASS—Azerbaijan's President Geydar Aliyev stated on Monday that any attempts aimed to undermine the statehood and independence of Azerbaijan will be resolutely suppressed. In his address to the ceremonial meeting on the occasion of state independence day, which is marked in the republic on October 18, Aliyev noted that the young independent republic passed the test for strength in the recent attempted coup. He appealed to all citizens of the republic to maintain national unity and accord. The president expressed the conviction that no force will be able to make Azerbaijan to turn off the path of independence.

Cadre Reshuffle in Baku

MM1710111494 Moscow PRAVDA in Russian 15 Oct 94 p 2

[Report by correspondent Zaur Kadymbekov: "Cadre Reshuffle in Baku"]

[FBIS Translated Text] Baku—In recent days a large group of staffers of the republic's cabinet of ministers, Prosecutor's Office, and Ministry of Internal Affairs have been relieved of their posts. The grounds for the dismissals were more or less identical: failure to fulfill official duties at the time of the attempted coup. Criminal proceedings have been instituted against some who are suspected of involvement or complicity.

The cadre reshuffle, which always arouses keen interest in society, is naturally not finished, since new appointments have not been announced, even to such important posts as the head of government and the general prosecutor and his two deputies, as well as the deputy chairman of the republic National Assembly, who also has to be elected. And while journalists and observers are engaged in "counting up" the candidates for the vacancies, ordinary citizens are concerned with a far more prosaic problem: how to withstand the onslaught of inflation and price rises, which have soared in recent days. The echoes of "Black Tuesday" in Moscow were heard clearly in Baku: The behavior of the manat against the dollar is no less depressing than that of the ruble, and these upheavals, which at first glance appear purely economic, could prove no less dangerous than the political upheavals.

Vice Premiers Dismissed

NC1710161894 Baku TURAN in English 1336 GMT 17 Oct 94

[FBIS Transcribed Text] Baku, October 17 (TURAN)—Cleaning in the Azeri Government, which began after the failed coup in Ganja on October 4-5, continues. By Presidential decree from October 16, Vice-Premiers, Asker

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Mamedov and Ali Tahmazov, are relieved of their posts. According to unofficial sources, Vice-Premier, Elchin Efendiyev, is also relieved of his post.

Azerbaijan's Minister of Agriculture, Muzammil Abdullayev, is arrested and Irshad Aliyev is appointed to this post. Earlier Irshad Aliyev took the office of the Chairman of State Committee for Refugees. Military Prosecutor's Office accuses Muzammil Abdullayev of financing Suret Guseynov's illegal armed units and of participation in ex-Premier's escape from Baku several days ago.

By Presidential decree Agabala Shamkhalov is appointed the chief of administration in the Cabinet.

By Presidential decree Minister of Commerce Rizvan Guseynov is relieved of his post for serious shortcomings in his work and Miri Gambarov is appointed to this post.

Azerbaijan's Minister of Bread Products, Firuz Mustafayev, is relieved of his post for serious shortcomings in his work.

By Presidential decree Shukyur Rzayev is appointed the prosecutor of Baku city. Earlier he was the Chief of Department for control over investigation in the Prosecutor's Office.

During yesterday's meeting President severely criticized the above-mentioned officials and accused them "of open sabotage and inability to work". It should be noticed that all those relieved Ministers were appointed by President Aliyev himself last and this year.

Aliyev Calls Guseynov Cabinet 'Den of Criminals'

NC1710221694

[Editorial Report] Baku Azerbaycan Radio Televiziyasi Television Network in Azeri at 1630 GMT on 17 October broadcasts a recorded report on a Council of Ministers meeting on bread production chaired by President Geydar Aliyev that was held in Baku on 16 October.

Aliyev is shown addressing the meeting. He says: "The social and economic situation in the republic is exceedingly tense. It has often been noted that we are in a grave crisis. However, measures taken to extricate ourselves from this crisis and to somewhat normalize and stabilize the social-economic situation have not yielded the desired results. The main reason for this is that for more than one year now the Council of Minister's work has been highly unsatisfactory. It may be that nowadays I might be blamed for not showing enough impatience with the situation that exists in the Council of Ministers. The formation of this cabinet took place under certain conditions. I do not consider it necessary to explain this. However, in addition to the prime minister, there are also ministers and deputy ministers; and their work has been highly unsatisfactory for the past year, and many of them are not only pursuing their own personal interests at the expense of their duties, but are also engaged in undermining the domestic political and social situation, in fomenting trouble, and in pitting the people against each other. We experienced the bitter result of all these things during the events at the beginning of October."

Aliyev then refers to the existing bread supply problems and adds that this problem did not arise overnight. "It was the result of serious shortcomings and lousy work on the part of various ministries, ministers, the entire Council of Ministers, and by the leadership of the Council of Ministers—the prime minister—and his deputies for months or the whole year. Therefore, all must share the responsibility, and should realize that neither the people, society, nor I myself can put up with such a situation. The fact is that the prime minister is a totally worthless person. You should know this. We used to try to make him take an interest in his work. Is it not correct that the prime minister used to hold meetings thrice a day here and engage in empty talk and stupid things, while his deputies sipped water or [words indistinct]? Did you not see these things? You ministers: Did you not see this sordid situation? Did you think that this state of affairs would continue forever? And the result was that this situation caused social tension. Why did these people do it? They were given all the positions and authority. Instead, they were directly engaged in seditious activity day and night. The Council of Ministers turned into a den of criminals and bandits. Did the prime minister and his deputies not see that the cabinet was packed with criminals? Some have already been removed from their posts. But, the place must be completely cleaned."

Continuing to criticize Suret Guseynov's Council of Ministers and chastising the ministers for failing to oppose the appointment of "criminals" to the staff of the Council of Ministers, Aliyev says that if Suret Guseynov and the subcabinet officials had been upright people they would not have fled.

Aliyev states that the agriculture minister has now been imprisoned. He says he warned him in vain to refrain cease his corrupt activities. Aliyev says it has now come out that the minister's son was a member of Suret Guseynov's armed group. He says he could not have known about this, but the ministers "should have known it and exposed it." Aliyev adds: "This shows the extent of the closeness of mafia-like groups."

Aliyev then notes that he is receiving letters from the people asking why he is not taking resolute measures against those who misuse their positions. He says measures are indeed being taken and should be taken. He adds: "As you know, the agriculture minister was relieved of his post and was imprisoned. Nariman Imranov was also imprisoned by our law enforcement organs. I have also adopted a number of decrees. I appointed Irshad Aliyev minister of agriculture. This will be broadcast on the television now. I relieved the trade minister, Rizvan Huseyin, from his post for serious shortcomings in his work. I appointed Miri Ahmed ogly Gambarov in his place. I am relieving Deputy Prime Minister Asker Mamedov of his post. I am relieving Deputy Prime Minister Ali Tahmazov from his post. I am

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relieving Firuz Mustafayev, president of the Grain Company, from his post. Radical changes must be introduced in the Council of Ministers and the remaining deputy prime ministers, Fuad Guliyev, Abbas Abbasov, Elchin Efendiyev, Semed Sadykhov, should also draw some conclusions."

Aliyev then strongly criticizes Semed Sadykhov and Elchin Efendiyev for lack of individuality and pride and for pandering and kowtowing to Suret Guseynov. He then instructs Fuad Guliyev and Abbas Abbasov to work to provide the republic with bread.

President Aliyev then announces the appointment of Hajiyev Aga as director for administrative affairs of the Council of Ministers.

He further criticizes Suret Huseynov as a "brainless person," for "filling the Council of Ministers with trash," and for trying to transform the Council of Ministers into "an autonomous organ." He says he once warned Guseynov against "forming an organization against the president." Aliyev says this is totally contrary to Azerbaijani Constitution. Aliyev says: "You must know that the Council of Ministers is not the government in Azerbaijan. The president is the government. Go and read the Constitution." Aliyev adds: "Therefore, the Council of Ministers should work as president's cabinet. It was not an autonomous formation acting on its own even under the Communist Party. Are such actions proper, given that we now have a presidential form of government? "

Aliyev concludes by saying that he has instructed Fuad Guliyev to carry out serious work to clean up the apparatus of the Council of Ministers.

The recorded report of the session ends at 1710 GMT.

Suret Guseynov Whereabouts Unknown; House Searched

NC1710162594 Baku TURAN in English 1336 GMT 17 Oct 94

[FBIS Transcribed Text] Baku, October 17 (TURAN)—Yesterday merchant quantities of cash—159 million rubles—were detained in Ganja's airport. The investigation bodies consider that money belong to ex-Premier, Suret Guseynov, whose whereabouts are unknown. Azerbaijan's Ministry of Internal Affairs reports that ex-Premier together with the group of his supporters hide themselves in almost impassible regions of the republic, another version is that Suret Guseynov has already left Azerbaijan.

Merchant quantities of antiquary and ancient side-arms of artistic value were found during search in Suret Guseynov's house. 20 "Kalashnikov" sub-machine guns, three machine guns and several boxes with ammunitions were bricked up in a wall of the house, the source from Ministry of Internal Affairs told TURAN. The same source reports that several kilos of drugs, cash and other valuable things were found in the country-house of ex-Minister of Agriculture, Muzammil Abdullayev, in Dashkesan region of Azerbaijan.

Last Friday the former Prosecutor General, Ali Omarov, together with his family left for Istanbul. It is supposed that Ali Omarov was informed that the authorities intend to arrest him.

CSCE's Anderman Returns to Baku From Yerevan

NC1710165894 Baku TURAN in English 1340 GMT 17 Oct 94

[FBIS Transcribed Text] Baku, October 17 (TURAN)—Yesterday Deputy Chairman of the CSCE Minsk Group, Per Anderman, returned to Baku from Yerevan. He brought with himself two Azeris, who had been imprisoned in Armenia.

Today at 12 a.m. there was a meeting between President Aliyev and Per Anderman. Per Anderman informed Azeri President about the results of his visit to Yerevan and Khankendi Stepanakert.

Today Per Anderman is due to leave for Yerevan to continue consultations with the Armenian party. From Yerevan he is to arrive in Baku again and will leave for Vienna for the CSCE session concerning Nagorno-Karabakh, which begins today. The session was summoned at the initiative of the Italian delegation of the CSCE, which suggested creation of multinational forces. The purpose of the session is to become acquainted with the reaction of the CSCE members on this suggestion. All 52 members of the CSCE are expected to take part in the session. The Italian party suggested that each country should not present more than 30 per cent military contingent in the multinational forces.

Acting Chairman of the CSCE, Minister of Foreign Affairs of Italy Martini suggested that the number of multinational forces should reach 2,000 persons. Radio Liberty reports that over the past time Russia boycotts the CSCE sessions concerning Nagorno-Karabakh. Moscow suggests formation of the contingent of peacemaking forces in Russia and in the CIS-member states.

One can suppose that the purpose of Per Anderman's visit to the region is to become acquainted with Armenia's and Azerbaijan's regard for the issue concerning the staff of peacemaking forces. As was earlier reported, Azerbaijan repeatedly declared for multinational peacemaking forces, where the share of each CSCE-member state is not more than 30 per cent. The Armenian party backs up Russian suggestion in accordance with which peacemaking forces will consist predominantly of Russian armed forces.

Aliyev Emphasizes Lachin, Shusha Issues to CSCE

NC1710175594 Baku AZERTAC in English 1419 GMT 17 Oct 94

[FBIS Transcribed Text] Baku, October, 17 (AZERTAC)—An issue on liberation of Azerbaijan towns of Shusha

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and Lachin should be considered among other problems concerned with settlement of the conflict between Armenia and Azerbaijan, stated vice chairman of the CSCE's Minsk group on Nagorno-Karabakh Per Anderman who met with Azerbaijan's President Geydar Aliyev today.

According to the diplomat, he was discussing this matter in Armenia and Nagorno-Karabakh where he conducted political consultations before his return to Baku. He expressed his hope of mutual understanding between the parties concerning organization of international peacekeeping force and some CSCE's member-states had given their consent to establishment of this force.

Per Anderman informed that he had brought two Azeri prisoners of war from Yerevan and hoped that he would bring two Armenian prisoners of war to Yerevan when he return there. In his opinion, such action will strengthen trust between the parties of the conflict.

The Azerbaijan's president agreed with his interlocutor that it was important to establish international peacekeeping force and speaked for intensity of efforts in interest of more than 1 mln [million] Azeri refugees. According to the president, leadership of the republic is against preservation of the present situation in the zone of hostilities and stands for effective use of cessation of fire in order to settle all problems and prepare of overall political agreement. Geydar Aliyev considers liberation of Shusha and Lachin an important term for signing of this document.

As to release of prisoners of war, head of the state said that Azerbaijan proposed to exchange prisoners of war in accordance with principle everyone for everyone.

Explanation for Baku Phone Shutdown Questioned

MM1710112994 Moscow RABOCHAYA TRIBUNA in Russian 15 Oct 94 p 3

[Report by Ali Naibov: "Thank God That the Drains Are Still Working, Journalists in Baku Thought When Intercity Communications in the City Were Cut Off"]

[FBIS Translated Text] Baku—The petty exigencies of the state of emergency declared in Baku by presidential decree from 3 October are already causing inhabitants of the Azerbaijani capital appreciable inconvenience. For example, on Monday afternoon intercity communications lines suddenly ceased to operate. Moreover, this happened all at once and everywhere. Russian embassy officials, according to attache M. Gorkun-Voyevoda, could not get through to Moscow, and correspondents were unable to relay up-to-the-minute reports.

As ever, the Ministry of National Security pleaded not guilty. Omar Guseynov, first deputy minister for communications, completely rejected the idea that the sudden muteness of the telephone lines was political in character. In his words, any emergency situation provokes a flurry of intercity conversations—people want to know what is happening in the neighboring city. And the system was overloaded. Moreover, this year Azerbaijan was forced to halve the number of channels to Russia and other CIS states because of the extent of the republic's debt, which arose as a consequence of a trade deficit that last year stood at $360,000 and this year has jumped to $2 million.

One would like to believe this. But in that case how can one avoid asking why the debt-ridden intercity phone lines "overheated" precisely on Monday?

Georgia

Shevardnadze's Weekly Interview

LD1710151494 Tbilisi Radio Tbilisi Network in Georgian 0709 GMT 17 Oct 94

[Regular weekly radio interview with State Council Chairman Eduard Shevardnadze by journalist Nato Oniani; place and date not given; monitored in progress—recorded]

[FBIS Translated Excerpt] ... [Shevardnadze] I regret to say that neither international organizations nor the CIS and even Russia, which committed itself to a special mission in the settlement of the [Abkhaz-Georgian] conflict, are capable of doing anything practical and serious in order to restore justice and protect the rights of some 250,000 tormented people—I mean the right to live and the right to return to their homes.

The abduction and holding in captivity of Georgian fishermen by Abkhaz pirates can be regarded as a model of cynicism and a violation of fundamental international norms. Unfortunately, I am now convinced that the action was authorized by senior [Abkhaz] officials. It is amazing that those who are obliged to demand that Gudauta [center of Abkhaz separatists] should immediately free these people make it appear that nothing has happened and spread their hands helplessly. This cannot go on like that.

On the other hand, some tiny progress was achieved during talks in Sochi. Namely, it was decided to allow the return of a small proportion of the refugees in October. I would not like to speak about those 19 citizens who have already returned. It is not even worth mentioning. I mean a relatively bigger group, although even this is rather insignificant.

Also in Sochi, it was decided to set up a quadripartite committee to monitor the security of the refugees and to take care of the way the temporarily displaced people can adapt to new circumstances. Let us see how the achieved agreement will be implemented.

As regards to the UN secretary-general's visit to Georgia, it is undoubtedly a serious occasion. We pin serious hopes on the visit. You know that he is well aware of the current situation in the Caucasus and especially in Georgia. He is well informed about the conflicts, their genesis, and the

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grave impact of the conflicts. He has been actively participating in the drafting and formulating of all the resolutions, and has also been taking part in the discussions on these. His visit to Georgia will help the secretary-general acquire a more explicit idea about the ways leading to peace in the Caucasus. I am looking forward to these meetings. We will have an opportunity to consider everything related to handling the conflicts, as well as other problems.

[Oniani] You visited Kutaisi last week. This is the town where economic reforms are being implemented through endeavor. You have spoken about Kutaisi many times, namely in your radio interviews. You have issued a special edict on Kutaisi. Now, what did you see during your visit there?

[Shevardnadze] I spoke a lot about the significance of experiments carried out there, both while I was in Kutaisi and after the visit. There is really much to consider and impart in what is happening there. I have already pointed out that people have succeeded in reviving almost all spheres of industry and the economy of Kutaisi. We can see the initial effects of their efforts. Some enterprises are working at good efficiency and almost full time. I was happy to see the concern for socially insecure sections of the population, especially children. [passage omitted] This is what one can expect when industry is running normally. I highly appreciate the organizations and bodies which are committed to the formation of the municipal as well as the country's budgets. A lot has been done there to maintain order. All this should be highly appreciated.

Yesterday, I met with heads of town and rayon administrations of the republic and I appealed to them to take a new stance in the economy and in all spheres of life generally, including the fight against crime, corruption, and racketeering.

As I have already mentioned, Ajara's experience is very interesting and can be regarded as a model in this respect. I intend to visit Ajaria in the near future to study details of what our Ajarian friends have been doing.

I have repeatedly spoken about the positive shifts taking place in Tbilisi—I mean the economy and the formation of the town's budget. A lot has been done to restore order in the capital. I would specially point out the role the city police plays in this. [passage omitted]

The authorities of the republic's rayons and towns now have to look for their place within the economic changes, in forming a new economy and a new state.

I recently had an opportunity to speak in detail about the ways the work of central bodies should be reorganized. I have spoken about how a structural link between the center and local authorities should be formed in a new mode, taking into consideration current affairs. The center, ministries, departments, and the like should coordinate their work with the republic's rayons and towns. They should notice everything positive, however small, and provide prompt support so that a positive seed will sprout and produce an effect. [passage omitted] Many central offices and their heads act as if they are not concerned with the presence of wealth in the rayons and, as a result, the wealth is rotting and perishing.

[Oniani] While the people are starving. [Shevardnadze] Yes, while the people are starving. And there is a good opportunity to take a lot of products out of the rayons in exchange for other products without spending extra money.

The present stage of our life points to the necessity for fundamental shifts in the activities not only of our rayons and towns but also of our central offices. Unfortunately, a lot of people cannot grasp this. We have to do our best to make them understand this.

[Oniani] At your meeting with the representatives of force structures, you expressed a specific and severe appraisal of the work done by individual offices. These were the customs department, the Interior Ministry, the highway police, the Communications Ministry, individual heads of local administrations, mayors, parliament deputies, and so on. At the meeting, you called for some of them to voluntarily resign. In present circumstances, when reforms are under way, there will be a lot of offers for resignation as well as your decrees on the dismissal of certain officials.

[Shevardnadze] Speeches and appraisals have less significance at present than practical activities. I would like to reassure radio listeners that I will use my whole authority to guarantee that a word does not remain just a word, a warning does not remain just a warning, an appeal does not remain just an appeal. At the same time, I hope that all who are concerned, and almost all offices are, will draw appropriate conclusions, and they must do their best to ensure that words do not remain words.

Some, who cannot cope with their duties, may have enough sense of duty to offer their resignation and quit their post. Whoever cannot realize this will be treated appropriately by the authorities and the head of state.

[Oniani] At your meeting with rayon administrators as well as with force structures, you said something like this: "If your knees tremble and if you are scared, you will not be able to do anything." You also asked one question several times: "What are you afraid of?" You also indicated that if they are indeed afraid there is no use talking about fighting against the mafia. Do you think there is only fear in this, or are there some other reasons, something else, namely, as Security Service chief Igor Giorgadze called it, state racketeering?

[Shevardnadze] There really is fear as well as something else. Namely, many officials have no moral right to fight against racketeering, corruption, extortion, and other crimes because they are themselves involved in matters like this. I believe that mopping up the law enforcement bodies is the priority task now, because if these levers—

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levers like the law enforcement bodies—do not work at full efficiency, it will be difficult to speak of overpowering organized crime.

I would like to demonstrate my support to the active fight against corruption within the Interior Ministry and the police. A lot has been done in the Tbilisi police garrison in this respect.

A lot has been done in the Defense Ministry. You are well aware what the situation was in Georgia just a few months ago. It was even difficult to keep records of battalions or any other armed units. Now, the process of enveloping all armed units within the Defense Ministry has almost been completed and this is a very important step forward.

The Prosecutor's Office has also returned to normal functioning. The Security Service is also taking measures to cleanse its staff.

I would like to emphasize that when talking about state racketeering, we have to begin fighting against it by cleansing force structures, because if this racketeering exists, it exists through those criminal elements who are settled comfortably in these structures.

A few words about phenomena like terrorism and terror. By the way, I cannot attribute some cases, which roused indignation among the population, to political terrorism. For instance, when a city prosecutor or the manager of a tobacco factory was killed, or when Kekelidze, then former deputy defense minister, was murdered, I am sure that these terrorist cases do demonstrate what is called state racketeering. These people were dealt with by elements settled within various state structures. The same can be said about some other cases. Therefore, I believe that provided the law enforcement bodies succeed in their task of cleansing their staff, racketeering and corruption will be defeated.

[Oniani] This time last year, there was a civil war in Georgia. In your radio interviews and other speeches, you spoke mainly about captured towns, the lack of firmness, and the treachery which were characteristic of Georgia of that time. We have already said that last week you had meetings in Kutaisi, meetings with heads of local administrations, a meeting at the Health Ministry where you spoke about the course of the reforms and so on. It can be said that economic interests and discussions on economic issues have been brought to the fore. This seems to be what distinguishes our country's life from what it was last year, to say nothing of the years before that. [Shevardnadze] You are right. We have entered a qualitatively new phase. A full-scale start of economic reforms is really a very significant occasion. I do not mean only the introduction of market economy prices and the correlation of salaries. [passage omitted]

Yesterday, I had a very interesting and highly professional talk on the reforms taking place in medicine in compliance with contemporary demands. It is a very delicate and rather complicated sphere, and once we can show concern for medicine, it means that reforms in Georgia have become irreversible. We have some other things on the agenda, too. For instance, flotation of the power economy and other fundamental branches.

The economic reforms will decide how a national, democratic state is concerned. I want to reiterate—I am taking about the fate of a national, democratic state. Now I will explain why I reiterated this.

Unfortunately, many of our politicians fail to realize, if they will pardon me for saying so, that they still have a tendency to resort to street actions and rallies and that they keep saying what they said three years ago, five years ago, or before the empire collapsed. Those times have gone. The time of such politicians has passed. The train has left, and it left quite a long time ago.

I appeal to everyone to understand that the most national and the most patriotic deed intended for posterity is a brick laid to build a democratic state founded on a new economy. Everyone can do this according to his abilities. Some will do their jobs, some will go to people in need and comfort them, some will participate personally in the process. Some can unite parties, but the unity should promote the processes, make the processes a law of life rather than oppose the processes. This great concern should unite all Georgians, all citizens residing in Georgia, whatever their ethnic origin. I would like to emphasize this: A new economy will have a decisive part in the formation of a Georgian national state.

[Oniani] Thank you very much. You have been listening to the chairman of the Georgian parliament and head of state.

Zugdidi Hooligans Clash With Border Guards in Poti

MM1710142994 Moscow IZVESTIYA in Russian 15 Oct 94 p 2

[Report by Arkadiy Zheludkov: "Border Guards Fire On 'Hooligans' in Poti"]

[FBIS Translated Text] On the evening of 11 October there was a clash between several residents of the rayon center of Zugdidi and border guards at the Russian border post in the Georgian city of Poti.

The clash was occasioned by an attempt by locals to infiltrate into the post's territory. Commenting on the incident, the Russian Border Troops Press Center called the attackers a "mob of drunken hooligan elements." The aim of the attack has still not been clarified—local internal affairs organs are currently investigating. The border guards have offered two versions of the attack—that it was "aimed at getting hold of some weapons or scaring someone."

One attacker was wounded in the clash. He later died in a Poti hospital.

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From the standpoint of the Border Troops command, which has verified that weapons were used correctly, operations were carried out in full accordance with Russian laws.

Russian General To Finalize Military Bases Accord

LD1710202894 Tbilisi SAKINFORM in Russian 1857 GMT 17 Oct 94

[FBIS Translated Text] [no dateline as received]—According to information from reliable sources, Colonel General Aleksandr Galkin, head of one of the chief Russian Defense Ministry directorates, who has arrived in Tbilisi, is now finalizing with senior Georgian Defense Ministry officials a draft interstate agreement concerning the Russian Armed Forces' bases on Georgian territory. As is known, until recently the draft envisaged the setting up of three Russian military bases in Georgia: in Vaziani, outside Tbilisi; in the Black Sea port of Batumi; and in the southern town of Akhalkalaki.

Defense Ministry Responds to 'Alternative' Doctrine

MM1810102594 Moscow KRASNAYA ZVEZDA in Russian 18 Oct 94 p 1

[Report by Vitaliy Denisov: "Georgia Does Not Yet Have Military Doctrine. But There Are Alternative Drafts"]

[FBIS Translated Text] The draft of Georgia's military security doctrine has been published. The document was prepared by a group of independent authors including Tengiz Kitovani, the republic's former defense minister, and parliamentary deputy Irakliy Surguladze. It is notable that Russia is viewed by the draft's creators as Georgia's potential enemy.

The alternative military security doctrine draft to that elaborated by the Defense Ministry has generated an extremely adverse assessment from the Georgian Defense Ministry leadership. Your KRASNAYA ZVEZDA correspondent was told at the military department's press center that the draft of Georgia's military doctrine prepared by Defense Ministry specialists will very soon be examined at the ministry's collegium.

South Ossetian Parliament Elects New Prime Minister

LD1710165894 Tbilisi IBERIA in Georgian 1500 GMT 17 Oct 94

[FBIS Translated Text] Tskhinvali, 17 Oct—The first session of the second convocation of the state parliament of the so-called Republic of South Ossetia has been held in Tskhinvali. It elected Vladislav Gabarayev to the post of chairman of the Council of Ministers. He previously worked as director of the so-called republican National Bank.

The session debated and adopted a law on privatization of the housing fund of the Republic of South Ossetia. The session examined in detail issues concerning local self-government in the Republic of South Ossetia and a report from state parliament chairman Ludvig Chibirov on a visit to Moscow by a South Ossetian delegation. The session also heard a report from Petr Gatibov, who is a member of a commission for relations with the North Ossetian parliament and government.

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Estonia

Delegation Discusses Bilateral Agreements With Russia

WS1710130294 Tallinn ETA in English 1202 GMT 14 Oct 94

[FBIS Transcribed Text] Friday, October 14—A meeting of Estonian and Russian Foreign Ministry delegations took place in Moscow yesterday. The Head of the Political Department of Estonian Foreign Ministry Toivo Klaar told that they had discussed mainly the bilateral agreements and the details of their realization.

According to Klaar there had been talk also over consular service, about the simplified rules for the Setumaa population enabling people to visit their relatives on the territory of another country. This matter is to be looked into by the consular officials of the two countries in the near future.

On the agenda of the meeting were also the economic relations between Estonia and Russia. "We emphasized the need to establish normal trade relations between our two countries", Klaar told.

The future of the delegations of the two foreign ministries was also discussed, with the hope of moving forward more effectively in the matters that have not yet found a satisfactory solution. "The main point is, should the negotiations continue on the present form, held by the two delegations, or should they be more direct, the contacts between ministries", Klaar told.

Mart Helme from Estonian Foreign Ministry and Estonian Ambassador in Russia Juri Kahn attended the meetings.

Latvia, Lithuania on Farm Treaty

WS1710150494 Tallinn BNS in English 1204 GMT 17 Oct 94

[FBIS Transcribed Text] Tallinn, Oct 17, BNS—Latvia and Lithuania are refusing to take Estonia's refrain from import tariffs as concession in talks over a prospective Baltic farm products' free trade treaty, saying the country must contribute with more, Estonian officials complain.

Latvia and Lithuania are pressing Estonia for more concessions despite that the country, unlike its two fellow Baltic nations, has dropped import tariffs to zero level, said Uno Silberg, departmental head at the Estonian Agriculture Ministry. Riga and Vilnius say Estonia abandoned tariffs already some time ago in steps not related to the treaty process.

In a situation when Latvia and Lithuania are protecting their markets with both quotas and import tariffs, talks among the three Baltic nations on a farm products supplement to their free trade treaty have not been very successful, Silberg said.

He said that despite this existing controversy, agriculture authorities from the three countries at a meeting last week agreed that transition to a farm free trade will take place in several stages through previously approved quotas. The officials also contended that rules for farm trade among the Baltics would be eventually established along the lines of a bilateral treaty initialed by Estonia and Lithuania, which after enactment abolishes both tariffs and quantity limits, Silberg said.

Quotas for 24 different kinds of farm products ranging from livestock to alcohol and tobacco were agreed upon in general lines early this summer, Silberg added.

The next meeting for discussion of the farm supplement to the Baltic free trade treaty is due in the next few weeks.

NATO Northwest Europe Forces Leader Arrives

LD1710173194 Moscow INTERFAX in English 1651 GMT 17 Oct 94

[FBIS Transcribed Text] Commander-in-Chief of the NATO Allied Forces in North West Europe, Marshal of Aviation, Sir Richard Jones arrived in Estonia today on an invitation of Commander-in-Chief of the Estonian Defense Forces Aleksander Einseln.

The NATO commander will be received by Estonian President Lennart Meri. Jones is also expected to meet with Defense Minister Enn Tupp and Foreign Minister Juri Luik.

Jones will also visit Paldiski where the training center of officers of the Russian Navy is situated.

Jones will discuss with the Estonian party the issues of providing assistance to the Estonian Defense Forces, the participation of Estonia in the NATO Partnership for Peace program and establishment of a Baltic peacekeeping battalion.

Before leaving Tallinn on Tuesday Jones is expected to hold a press conference.

Riigikogu Reelects Deputy Speakers

LD1710144294 Tallinn Radio Tallinn Network in Estonian 1200 GMT 17 Oct 94

[FBIS Translated Text] The election of deputy speakers of the Riigikogu has just ended. Tunne Kelam and Edgar Savisaar were reelected, receiving 35 and 31 votes respectively. Another candidate, Tiit Kabin, received 24 votes. A total of 94 out of 101 deputies of the Riigikogu voted; four votes were deemed invalid.

Riigikogu Speaker Ulo Nugis, who was also reelected today, is again conducting the work of the Riigikogu.

Parliament Speaker: No Ambition To Become Prime Minister

WS1810111194 Tallinn BNS in English 1609 GMT 17 Oct 94

[FBIS Transcribed Text] Tallinn, Oct 17, BNS—The speaker of the Estonian parliament, Ulo Nugis, said on

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Monday [17 October] that becoming the country's prime minister was not his ambition.

But he told reporters in comments after re-election to the parliament speaker's office that he was ready to take over as head of the government if the country would otherwise face a constitutional crisis.

"I have told my political partners clearly that if the presidential candidate for prime minister fails to get the State Assembly's (parliament's) approval and if my service is needed, I will be ready to run for the prime minister's office," Nugis said.

He said that the prospect of early general elections was becoming a reality in Estonia. "But I believe the State Assembly won't let things go that far," Nugis added.

Nugis' comments came after a scheduled vote on the parliament's speaker, in which the Pro Patria party group had moved a rival candidate, Free Democrat Ignar Fjuk, to compete Nugis.

The head of the Pro Patria faction in the parliament, Tiit Sinissaar, told reporters Fjuk had been proposed as an alternative partly because of Nugis' ambitions to become prime minister.

"The 35 votes given in favor of Fjuk can be regarded as a vote against Nugis," Sinissaar said. Nugis was re-elected to the parliament speaker's office with 54 votes, compared to Fjuk's 35.

Members Who Did Not Vote Against Kallas Expelled

WS1410105394 Tallinn ETA in English 1944 GMT 13 Oct 94

[FBIS Transcribed Text] Two parliament factions—the Centrist faction and the Royalist faction expelled their members who did not vote against Siim Kallas as the future prime minister while the faction had decided to do so in corpore.

Kalev Kukk from the Centrist faction, the main opposition party faction, voted for Kallas and Lembit Kts from Royalist party faction, which started the vote of no confidence to the acting Prime Minister Mart Laar, declined to vote at all.

Opposition Party Proposes Candidates for Prime Minister

WS1710152394 Tallinn BNS in English 1306 GMT 17 Oct 94

[FBIS Transcribed Text] Tallinn, Oct 17, BNS—The Coalition Party and the Rural Union party parliamentary groups om Monday [17 October] ruled to name academic Endel Lippmaa as their second candidate beside Coalition Party Chairman Tiit Vahi for the post of the prime minister.

The leading Estonian opposition party and its rural partners say the step was taken in hope that "it would be easier for the parliament to support a well-know member of the party than the party chairman." Lippmaa, a scientist and minister without portfolio in 1990-91 for relations with Russia, is member of the Coalition Party.

Lippmaa, 64, became widely popular in the late 1980's, when he stood out as a leader of a popular campaign against phosphorite mining by large Soviet monopolies in Estonia. He then continued with officially unveiling, as member of a respective commission, the unlawfulness of a secret pact under the 1939 Molotov-Ribbentrop treaty in which Nazi Germany gave Russia free hands to invade Baltics.

The head of the Coalition Party group in the parliament, Tonu-Reid Kukk, told BNS his party's position was that the new prime minister candidate had to come from the opposition or forces that have remained independent in the parliament for a longer period already.

He also mentioned the possibility that a third candidate for prime minister could be moved by independent groups in the parliament. He said that if the nominee was to be independent MP Heido Vitsur, Coalition Party would also lend its support to that candidate.

President Lennart Meri must nominate a second candidate for prime minister by Thursday, one week after the parliament in a 55-40 vote on Oct. 13 rejected first presidential nominee Siim Kallas.

The presidential spokesman, Indrek Treufeldt, told BNS on Monday Meri was continuing consultations with parliament groups on the nomination. If the president refrains from a second nomination or if the candidate again fails to get the parliament's approval, the right of nomination will pass on to the parliament.

Many politicians have said recently such course of events makes early elections in Estonia the most likely prospect. It is widely predicted that the badly fractioned legislative body will be unable to agree on any single candidate who could effectively set up a Cabinet for the months until next scheduled elections in spring 1995.

Youth Organization Calls for Right-Wing Unity

WS1710150194 Tallinn ETA in English 1250 GMT 17 Oct 94

[From 17 October EESTI SENUMID, PAEVALEHT, p 1,3; "News Bulletin" No. 201/94]

[FBIS Transcribed Text] Monday, October 17—"Res Publica", a right-wing youth organisation, held its extra assembly on Saturday [15 October] where five right-wing parties—"Fatherland", Republican-Conservative Coalition, National Independence Party, "Better Estonia", Liberal Democrats and the Future Estonia Party—were represented. The board of the organisation called for forming a permanent cooperation team so as to overcome the differences between the right-wing forces. Vice-Chairman

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Ott Sandrak explained that their maximum programme would be participation in the forming of the new government after next elections, while the minimum programme includes the forming of a working opposition. Sandrak warned that the present fragmentation of the right-wing movement would result in an insignificant minority being elected to the Riigikogu [parliament].

The "Res Publica" organisation was formed in 1989 and included a number of leading "Fatherland" members.

Latvia

Portugal's President Soares Arrives in Riga

LD1710211394 Lisbon RTP Internacional Television in Portuguese 1900 GMT 17 Oct 94

[FBIS Translated Excerpt] President Mario Soares arrived in Latvia a few hours ago. This is the first visit by a Portuguese president to that country. [passage omitted].

Carlos Fino reports from Riga:

[Begin recording] [Fino] [passage omitted] Latvia is undergoing the natural difficulties of a transition from totalitarianism to democracy; hence, it knows how to appreciate the political support President Soares has expressed as representative of a NATO and EU country.

[Soares] My feelings are feelings of great respect for this people and for this country, as well as for its neighbors, in view of their great effort toward democratization and toward winning their freedom. We, in fact, have always respected this.

[Fino] [passage omitted] After a first meeting with his counterpart Guntis Ulmanis, Soares laid a wreath at the monument for the fighters of freedom in the center of Riga. [passage omitted]

In the last few years, restrictive attitudes toward minorities have delayed Latvia's integration into European institutions. A strong Russian minority, more than 30 percent of the population, contests the citizenship laws, considering itself to be discriminated against.

[Vitor Martins, Portuguese secretary of state for European affairs] The legislative structure in Latvia now complies with the principles of the Council of Europe, so much so that soon—within two months—Latvia will join the Council of Europe. It will respect all principles accepted by European nations—namely, the protection of minorities and respect for human rights. Therefore, at the moment, it can be said that Latvia is in a position to belong to the European family without any problem. [end recording]

Membership in European Union Supported

WS1810105294 Tallinn BNS in English 1609 GMT 17 Oct 94

[FBIS Transcribed Text] Riga, Oct 17, BNS—Portugal will support the European Union associate membership of Latvia and its acceptance to the Council of Europe, Portugal's President Mariu Soares, who is visiting Riga Monday and Tuesday [17 - 18 October], told his Latvian counterpart Guntis Ulmanis.

The presidents discussed cooperation opportunities and agreed that Latvia and Portugal could develop successful contacts in trade, communication and fishing industry. Commenting on the potential agricultural cooperation, Soares said he worried about competition between the two countries. Ulmanis said that, in his opinion, no competition would arise because the harvest time in both countries differs.

In addition, the presidents talked about activities of politial parties in their countries, said Anta Busa, a spokeswoman for the Latvian President's Office.

On Monday, Soares is also scheduled to meet with parliament Chairman Anatolijs Gorbunovs, faction heads, Prime Minister Maris Gailis and Foreign Minister Valdis Birkavs.

Latvian Embassy Reacts to Russian Accusations

LD1410205794 Moscow INTERFAX in English 1915 GMT 14 Oct 94

[FBIS Transcribed Text] The Latvian Embassy in Moscow said that accusations against Latvia put forward by Deputy Chairman of the Russian Federation Council Ramazan Abdulatipov were "irresponsible" and "untrue."

In particular, Abdulatipov said in his open letter to CSCE High Commissioner for Refugees, Max van der Stoel, that within the context ofthe present situation Russia would regard Latvia's admission to the Council of Europe as approval of the "ethnic cleansing" policy pursued by Latvian radicals and that this would affect Moscow's position towards European organizations. Abdulatipov's letter was published in the Nezavisimaya Gazeta newspaper today. Furthermore, Abdulatipov said in this letter that Latvia was putting forward territorial claims to Russia.

The statement ol the Latvian Embassy, transferred to Interfax on the same day, said that "public pressure on the CSCE High Commissioner does not serve as the best example for development of friendly relations between Latvia and Russia." The Latvian Embassy repeated that 325,000 Russians already had Latvian citizenship and, in accordance with the Law on Citizenship, the number of those receiving Latvian citizenship would be growing due to naturalization.

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The Latvian Embassy also denied Abdulatipov's accusations that Riga was putting forward territorial claims to Moscow.

"It remains only to regret that such attempts hinder Latvia's admission to the Council of Europe and mislead Russians and the world community," the Latvian Embassy said.

Troop Withdrawal Treaty With Russia To Be Ratified

WS1410110194 Tallinn BNS in English 1651 GMT 13 Oct 94

[FBIS Transcribed Text] Riga, Oct 13, BNS—The legislatures of Latvia and Russia plan to ratify the bilateral agreement on Russian troop withdrawal from Latvia later this month, officials said.

The Latvian Saeima (parliament) is expected to consider the treaty on Oct. 20, said senior Latvian official Eduards Ikvilds. The agreement has been discussed in all committes, factions and chambers of the Russian Duma and will be put on the voting agenda in the last decade of October, said Russian representative Sergey Slipchenko.

Latvian and Russian officials met Thursday [13 October] in the Latvian Foreign Ministry to discuss the agreement on the social protection of Russian military pensioners and their family members in Latvia.

In general, Latvia is following up the agreement regardless of a few local scale irregularities connected with the legal confirmation of the status of the retirees, Slipchenko said. The parties, however, failed to agree on interpretation of the term "undisturbed living" what refers to the stay of the military pensioners in Latvia according to the text of the treaty.

Military persons, who were left behind the withdrawn troops, are leaving Latvia very slowly, said Ikvilds. The respective Latvian office issues only seven to eight departure permits daily, he noted.

As reported, Russia has submitted a list of 1,115 persons who were discharged in the Latvian territory after Jan. 28, 1992, and had to leave Latvia by Aug. 31. Latvian officials have repeatedly said the actual number could be much larger.

Russian-Latvian Talks Held on Troop Withdrawal

MM1810104994 Moscow KRASNAYA ZVEZDA in Russian 18 Oct 94 p 2

[Report by Valeriy Gromak: "Former Latvian Military Outlawed"]

[FBIS Translated Text] Riga—There has been a routine session of the joint Latian-Russian commission on vexed issues connected with the Russian army's withdrawal. According to Ayvar Vovers, the Latvian Foreign Ministry's special envoy, the session did not succeed in reaching agreement on the procedure for issuing residential permits for the 1,115 retired Russian army servicemen released from service in Latvia before 28 January 1992. The commission also discussed problems connected with compensation for the damage caused to Latvian ports and the raising of sunken and half-sunken Russian ships.

Gorbunovs: Close Relations Needed With Belgium

WS1710130694 Tallinn BNS in English 1814 GMT 14 Oct 94

[FBIS Transcribed Text] Riga, Oct 14, BNS—Latvian Saeima's (parliament) Chairman Anatolijs Gorbunovs stressed during his meeting with the Belgian Ambassador to Latvia Francis Ronse that it would be very important to develop close relations with Belgium on the governmental and parliamentary level, because that would help Latvia's integration into the European Union (EU).

Direct contacts between both countries' parliaments would help Latvia acquire the necessary experience for adjusting its legislation to the EU standards.

Gorbunov considers that Brussels gradually becomes a significant center of the united Europe.

In return, Ronse said that up to now both countries' diplomatic contacts were arranged through Sweden, but the further contacts will be direct with all the Baltic states. At the end of the meeting, Ronse said that presently economic reforms go on in Belgium, and they must be finished by 1996, according to the EU common principles, and Latvia could learn from this experience.

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